COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2008

CITY OF CORVALLIS, OREGON

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008

Prepared by the City of Corvallis
Department of Finance

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CITY OF CORVALLIS, OREGON
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December 15, 2008

To the Honorable Mayor, City Council, City Manager, and Citizens of Corvallis, Oregon

We hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Corvallis for the fiscal year ended June 30, 2008 in compliance with state law. State law requires that a CAFR be published within six months of fiscal year end and be audited in accordance with generally accepted auditing standards by independent certified public accountants.

Responsibility for the completeness and reliability of the information contained in this report rests with the City's management and is based on an internal control structure designed for this purpose. The internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met because the cost of the internal control should not exceed the related benefits.

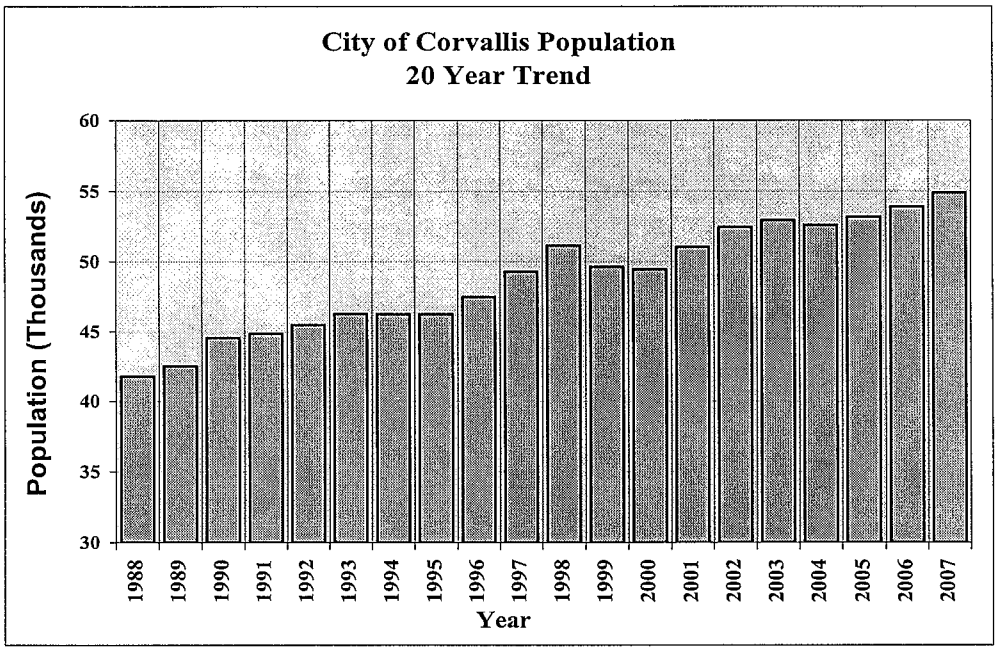
The City's financial statements were audited by Grove, Mueller, & Swank, PC, a firm of independent certified public accountants. The independent auditors have issued an unqualified opinion on the City of Corvallis' financial statements for the fiscal year ended June 30, 2008. The independent auditor's report is presented at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) is located in the financial section immediately following the independent auditor's report and preceding the basic financial statements. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

THE CITY OF CORVALLIS AND ITS SERVICES

The City of Corvallis, Oregon (population 54,890) is Oregon's 10th largest City and the county seat of Benton County. Corvallis is located in the central Willamette Valley, approximately 80 miles south of Portland and 50 miles from the Pacific Ocean. The name Corvallis means "Heart of the Valley" and was arrived at by compounding the Latin words for heart and valley.

The City of Corvallis, Oregon is a municipal corporation governed by an elected Mayor and nine Councilors. The nine City Councilors are elected in the November general election by ward for two year terms. The Mayor is elected at-large and serves a four-year term. The City Manager is appointed by the City Council and is responsible to the City Council for the day-to-day management of the City. The City Council is assisted in their policy making role by 20 standing advisory boards and commissions. The City has no component units as defined by accounting principles generally accepted in the United States of America.



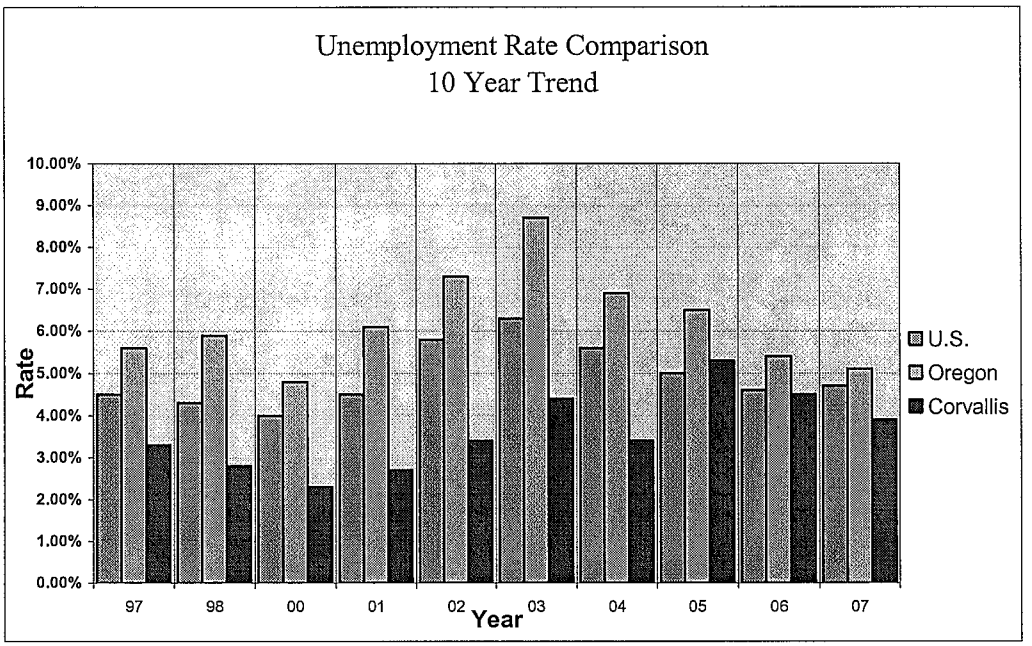
The City provides a full range of municipal services including: police and fire protection; emergency communications for all of Benton County; parks and recreation programs; library; public infrastructure improvements; planning and housing; building plan inspections and reviews; water, wastewater, and storm water utilities; bus transit system; municipal airport; and general administrative services.

The Oregon Constitution and Oregon Revised Statutes require that the budget be balanced, adopted by July 1, and that the fiscal year for local governments is July 1 through June 30. The budget sets forth City Council's goals and objectives, and identifies the resources necessary to accomplish Council's goals and objectives. The legal level of budgetary control, as adopted by Council Resolution, is by department within each fund. Appropriations lapse at fiscal year end and incomplete projects must be reappropriated in the following fiscal year as part of the adoption of the annual budget. The City did not exceed legally adopted budget appropriations during the 2007/2008 fiscal year.

ASSESSING ECONOMIC CONDITION

Corvallis' primary employment bases are education, high-technology, and service industries. Corvallis is home to Oregon State University (OSU). OSU is one of only two universities in the country designated as a combined land, space, sea, and sun grant university. OSU enrolls approximately 19,750 students and employs approximately 7,700 people. OSU serves as Oregon's leading source of basic applied research in forestry, agriculture, fisheries, engineering, electronics, home economics and the sciences for the development of human, land, atmospheric and oceanic resources, and is one of the nation's leading research universities. OSU received $194 million from external sources for research last year.

Corvallis is also home to high-tech industry. Hewlett-Packard (HP) employs approximately 3,000 people at its Corvallis facility and is the area's second largest employer behind OSU. HP's presence has generated satellite businesses to supply its needs, among these satellite businesses are Nypro-Oregon and ATF Systems Oregon. CH_2M Hill, an international consulting firm of engineers, planners, economists and scientists, was founded in Corvallis in 1946. CH_2M Hill maintains a regional headquarters in Corvallis which employs approximately 400 people. Good Samaritan Regional Medical Center employs more than 1,800 people and the Corvallis Clinic employs 600 people. Summit Information Systems Corporation provides data processing systems created specifically for the credit union industry and employs 280 at its Corvallis location. The Oregon Nanoscience and Mictrotechnologies Institute (ONAMI) is a collaboration



among Oregon universities, including OSU, and regional industry for micro and nanotechnology research and development and is a leader in this field. ONAMI has multiple facilities located in Oregon's Silicon Forest, including facilities in Corvallis.

Oregon's June 2008 unemployment was 5.5%. The Corvallis MSA's unemployment rate for June 2008 was 3.8%, 1.7% below both the national and state unemployment rates. The Corvallis' MSA June 2007 unemployment rate was 3.7%. While the unemployment rate remained stable the number of unemployed decreased (-89) as did the size of the civilian labor force (-723) when comparing June 2008 data to June 2007 data. The unemployment rate remains the lowest in the state.

Factors contributing to the Corvallis MSA's relatively low unemployment rate are a highly educated work force (47.4% hold a bachelor's degree or higher degree) and a high per capita personal income.
The Corvallis MSA 2006 per capita income of $35,722 was the fourth highest of Oregon's 36 counties. What makes the per capita income number more impressive is the high OSU student population with many students living in college induced poverty. The Corvallis MSA has had a healthy economy, even with low job growth, based on consistently having the state's lowest

unemployment rate and a high per capita personal income. The stress in the financial and housing markets has affected the local economy. Residential construction has slowed significantly, but commercial construction remains strong with projects at OSU and Good Samaritan Regional Health Center.

MAJOR INITIATIVES

The City Council has voted to refer a $13,610,000 bond issue to the November 2008 ballot for expansion of the Chintimini Senior Center, rehabilitation of Chintimini Park, and to update park playgrounds system-wide. Construction is tentatively scheduled for fiscal years 2009/10 and 2010/11. The estimated property tax rate for the debt issue is $.32 per $1,000 of assessed value, which equated to an annual $72 property tax increase for a property assessed at $225,000.

The City has initiated work on Phase I of a Transit Operations Center. Phase I is scheduled to be completed in fiscal year 2008/2009. Phase I consists of design, identifying alternative site locations, environmental assessments, and public input processes. Phase II involves real property acquisition and construction of the Transit Operations Center. Phase II is scheduled for fiscal years 2010/11 and 2011/12. Estimated cost of the Transit Operations Center is $3.4 million. Federal Transit Grants will fund 80% of the project.

The City Council adopted Sustainability as an overarching value, and also developed a Council Goal to enhance organizational sustainability efforts. This work effort began with a consultant's study of existing sustainability efforts, and development of a strategy for the future. The City has adopted a triple-bottom line frame work, which addresses sustainability from the perspectives of environment, economics, and social equity. For the 2007/2008 City Council term, the Council has adopted a goal to enhance organizational sustainability efforts and begin to develop a community-wide sustainability initiative, and a community coalition has begun a six month outreach process to develop a sustainable community plan. Work to accomplish this goal is underway by a community-wide coalition of individuals and organizations which has launched a nine month process to engage the community and develop a plan for the entire community to follow to become a fully sustainable city.

LONG-TERM FINANCIAL PLANNING

The City Council established a goal for the 2007-2008 term to develop and communicate a new financial strategy. As part of the strategy, the City Council completed a review of the Financial Policies, revising the policy on Fund Balance. The City Council has requested staff complete additional analysis for the FY 09-10 budget preparation and develop alternative financial plans that show "best/worst/most likely" scenarios. Staff has initiated including a special insert in *the City* newsletter summarizing the budget each year, and is working on a second insert that would summarize performance measure information. Additional work on the Financial Policies and financial strategy will be completed in the fall of 2008 as the City Council reviews the new financial plan models.

RELEVANT FINANCIAL POLICIES

For general governmental and enterprise funds, the City's Fund Balance Policy guideline is to target an undesignated fund balance of at least 5% of estimated annual revenues for each fund. An analysis is completed annually which recommends the appropriate fund balance taking into account the target fund balance, cash flow requirements, debt service needs, future capital projects, and significant revenue and expenditure trends.

The City's Property Tax Allocation Policy requires that an annual analysis be completed for all property tax funds, General, Fire & Rescue, Parks & Recreation, Transit, and Library. The analysis is reviewed by City Council to ensure that the property tax allocations are sufficient to support Council approved operating costs.

The City's Investment Policy is designed to establish and provide guidelines for the safe and efficient management of the City's cash and investments. The primary Investment Policy objectives are: preservation of capital; conformance with federal, state and other legal requirements; maintaining sufficient liquidity to meet operating cash flows; and achieve diversification to limit risk exposure to acceptable levels. Staff prepares a monthly Treasury Report as required by the investment policy. Staff also meets quarterly with Investment Council to review reports and portfolio performance. The Investment Policy's diversification and risk management are discussed in greater detail in the Notes to the Basic Financial Statements under and Cash and Investments.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Corvallis, Oregon for its comprehensive annual financial report for the year ended June 30, 2007. This was the nineteenth consecutive year that the City of Corvallis has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

DISTINGUISHED BUDGET PRESENTATION AWARD

The City of Corvallis received GFOA's Distinguished Budget Presentation Award for its 2007/08 annual budget document and the 2008/2009 annual budget document has been submitted. The Distinguished Budget Presentation award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a government and its management. In order to receive the award, a governmental unit must publish a budget document that meets program criteria as a policy document, a communications medium, an operations guide, and a financial plan.

ACKNOWLEDGMENTS

The compilation of the Comprehensive Annual Financial Report is the responsibility of the Finance Department. This report is evidence of the dedication and many hours of hard work required to compile such a report. We would like to thank the entire Finance staff, specifically Lisa Hill, Tina Stephens, Mindy Perez, Cynthia Chaves and Brenda Wrightson, for the excellent service they provide throughout the year which is reflected in this Comprehensive Annual Financial Report. We would also like to thank the City Council, the Administrative Services Committee, and the City Manager for their leadership and support in developing this CAFR.

Nancy Brewer
Finance Director

Robert E. Wrightson
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Corvallis Oregon

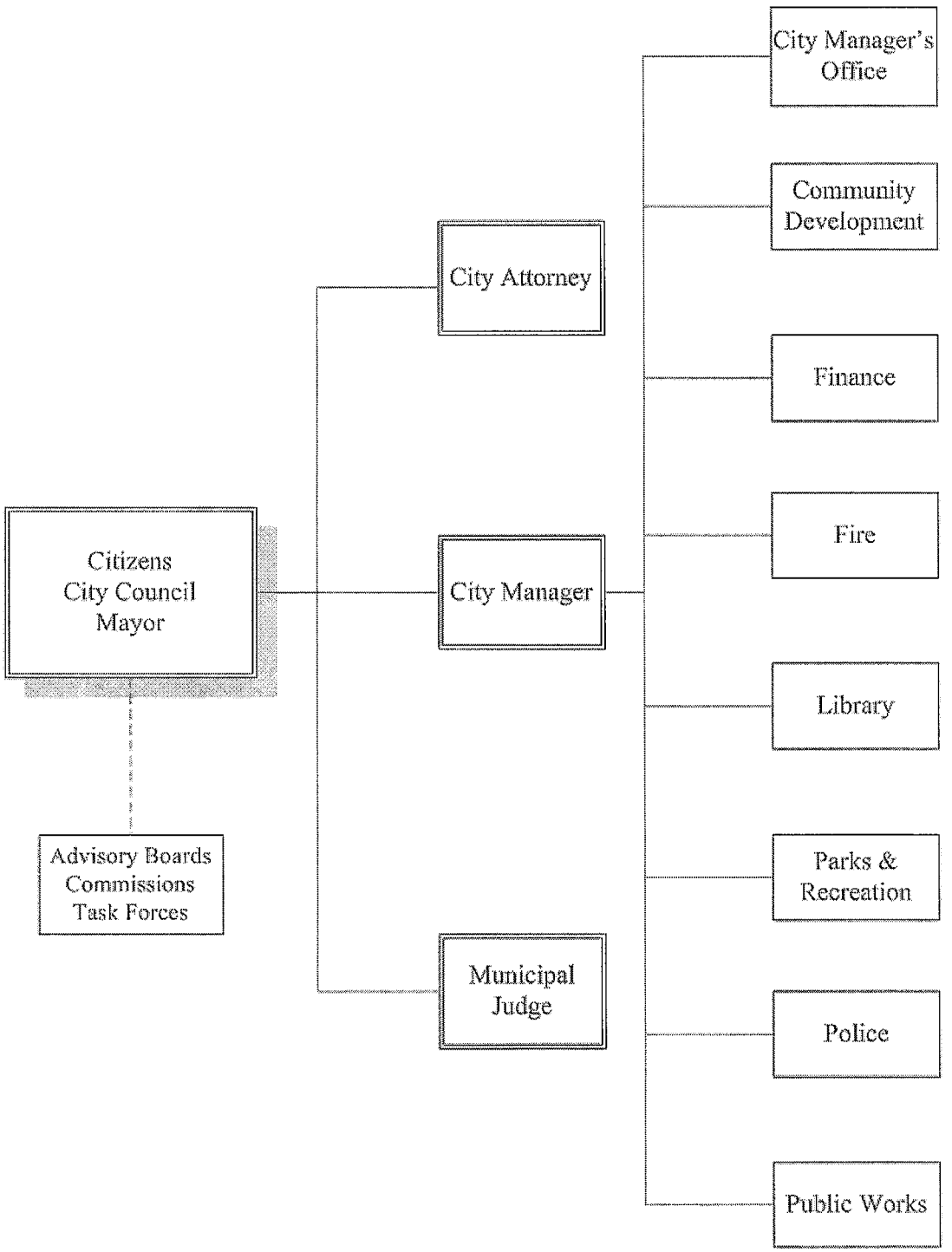
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CITY OF CORVALLIS
ORGANIZATION CHART



ELECTED

MAYOR
Charles C. Tomlinson

Bill York	Ward 1
Patricia Daniels	Ward 2
George Grosch	Ward 3
Dan Brown	Ward 4
Mike Beilstein	Ward 5
Stewart Wershow	Ward 6
Jeanne Raymond	Ward 7
David Hamby	Ward 8
Hal Brauner	Ward 9

APPOINTED

CITY MANAGER
Jon Nelson

FINANCE DIRECTOR
Nancy Brewer

ASSISTANT FINANCE DIRECTOR
Robert E. Wrightson

SENIOR ACCOUNTANT
Brenda Wrightson

500 SW Madison Avenue
Corvallis, Oregon 97333

FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- SUPPLEMENTARY INFORMATION

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GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of the
City Council and the City Manager
City of Corvallis, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corvallis, Oregon as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corvallis, Oregon as of June 30, 2008 and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparisons for the general and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corvallis' basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and is not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is not a required part of the basic financial statements. The supplementary information and schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: _____
Charles A. Swank, A Shareholder
November 20, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

CORVALLIS
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is a narrative, introduction, overview and analysis of the basic financial statements. MD&A is Required Supplementary Information.

Management's Discussion and Analysis

Readers of the City of Corvallis' Comprehensive Annual Financial Report (CAFR) are offered this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008 by management. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the transmittal letter, which can be found on pages 1-6 of this CAFR.

Financial Highlights

- The assets of the City of Corvallis exceeded liabilities at the close of the fiscal year by $285,511,389 (net assets), an increase of $460,431 from June 30, 2007. Of this amount $18,516,267 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets decreased for governmental activities by ($1,377,175), or -0.87% from June 30, 2007, primarily the result of depreciation of existing infrastructure capital assets. Net assets increased for business-type activities by $1,837,606 , an increase of 1.45% from June 30, 2007, based in large part on increases in capital assets constructed by the City and assets donated to the City by private developers.
- As of the close of FY 2008, the City of Corvallis' governmental funds reported combined ending fund balances of $21,411,159 , a decrease of ($10,334) from the prior year. Approximately 85.53% of the total amount, $18,312,469 , is available for spending at the City Council's discretion (unreserved fund balance).
- At the end of FY 2008, unreserved fund balance in the General Fund was $3,622,412 or 28.86% of the total General Fund expenditures. This was a decrease of $320,597 from June 30, 2007, based on financial performance that was not as good as expected.
- Total governmental activities debt decreased by ($1,540,618) or -3.18% during FY 2008. Total business-type activities debt decreased by ($2,043,465) or -6.83%. The decrease for both governmental and business-type activities was the result of making all required payments and issuing no new debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Corvallis' basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements The government-wide financial statements are designed to provide readers with a broad overview of the City of Corvallis' finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Corvallis is improving or deteriorating.

The Statement of Net Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected property taxes and earned but unused leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (called governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (called business-type activities). The governmental activities of the City include police, fire, library, parks and recreation, general administration, public works, and community development. The business-type activities of the City include water, wastewater, and storm water utilities, and the municipal airport.

The government-wide financial statements can be found on pages 22-23 of this report.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds, and proprietary funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Corvallis maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Street, Parks and Recreation, Fire and Rescue, Community Development Revolving, Library, and Capital Construction funds, all of which are considered to be major funds. Data from the other seven governmental funds is combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, along with all other funds. Budgetary comparison statements have been provided for the General Fund and major special revenue funds to demonstrate compliance with this budget. Budgetary comparisons for all other funds have been provided as supplementary information.

The basic governmental fund financial statements can be found on pages 24-33 of this report.

Proprietary Funds The City of Corvallis maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, storm water, and airport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Corvallis uses internal service funds to account for its garage, facility management, telephone and data systems, central administration, and risk management operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Storm Water and Airport Funds, all of which are considered to be major funds of the City of Corvallis. The internal service funds are all considered to be non-major funds and are combined into a single aggregated presentation in the proprietary fund financial statements. In the basic financial statements, internal service funds are presented as governmental type activities after eliminating interfund transactions. Individual fund data for the internal service funds is provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Fiduciary Funds The City has no fiduciary funds.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read in conjunction with the financial statements. The notes to the basic financial statements can be found on pages 38-57 of this report.

Supplementary Information Supplementary information includes the combining statements referred to earlier in connection with non-major governmental funds and internal service funds; budgetary comparisons for non-major, enterprise and internal service funds; and other financial schedules. This information can be found on pages 58-97 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $285,511,389 at the close of FY 2008. This represented a $460,431 or 0.16% increase in net assets.

CITY OF CORVALLIS
Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
Current and other assets	$ 59,192,017	$ 56,477,536	$ 22,311,867	$ 22,322,029	$ 81,503,884	$ 78,799,565
Capital assets	155,290,712	154,863,353	135,887,525	135,773,427	291,178,237	290,636,780
Total assets	214,482,729	211,340,889	158,199,392	158,095,456	372,682,121	369,436,345
Current liabilities	3,029,416	2,664,188	805,564	1,005,103	3,834,980	3,669,291
Long-term liabilities	53,155,373	51,755,936	30,640,810	28,499,729	83,796,183	80,255,665
Total liabilities	56,184,789	54,420,124	31,446,374	29,504,832	87,631,163	83,924,956
Net Assets						
Invested in capital assets, net of related debt	140,587,954	141,455,487	106,978,116	108,814,471	247,566,070	250,269,958
Restricted	4,311,449	3,579,434	13,472,647	13,145,730	17,784,096	16,725,164
Unrestricted	13,398,537	11,885,844	6,302,255	6,630,423	19,700,792	18,516,267
Total Net Assets	**$ 158,297,940**	**$ 156,920,765**	**$ 126,753,018**	**$ 128,590,624**	**$ 285,050,958**	**$ 285,511,389**

The largest portion of the City's net assets $250,269,958 reflects the City's investment in capital assets (land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City's investment in capital assets increased $2,703,888 or 1.09% from June 30, 2007. The City's major capital assets are investments in infrastructure – the water, wastewater and storm water systems of treatment plants and collection/distribution facilities, the street and sidewalk system, and the municipal airport. The City uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets totaling $16,725,164 or 5.86% represent resources that are subject to external restrictions on how they may be used. This represents a decrease in the dollar value of the City's restricted net assets from June 30, 2007. The remaining balance of unrestricted net assets, $18,516,267 , may be used to meet the City's ongoing obligations to citizens and creditors.

Unrestricted net assets for governmental activities totaled $11,885,844 or 7.57% of the total net assets for governmental activities. Business-type activities unrestricted net assets totaled $6,630,423 or 5.16% of the total net assets for business-type activities. At the end of FY 2008, the City of Corvallis is able to report positive balances in all three categories of net assets.

CITY OF CORVALLIS
Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
Revenue:						
Program Revenue:						
Charges for Service	$ 11,323,949	$ 10,681,023	$ 18,679,563	$ 19,396,729	$ 30,003,512	$ 30,077,752
Operating grants and contributions	7,854,696	7,542,838	1,773	-	7,856,469	7,542,838
Capital grants and contributions	5,754,056	3,256,066	4,311,390	2,057,705	10,065,446	5,313,771
General Revenue:						
Property taxes levied for op. purposes	17,291,304	17,978,490	-	-	17,291,304	17,978,490
Property taxes levied for debt service	1,809,197	1,818,914	-	-	1,809,197	1,818,914
Transient room taxes	1,113,828	1,147,595	-	-	1,113,828	1,147,595
Franchise Fees	4,827,108	4,988,241	-	-	4,827,108	4,988,241
Interest and investment earnings	1,332,488	1,098,958	1,001,448	931,722	2,333,936	2,030,680
Miscellaneous	1,451,951	1,641,909	12,841	16,046	1,464,792	1,657,955
Gain on sale of capital assets	58,082	30,768	-	-	58,082	30,768
Total Revenues	52,816,659	50,184,802	24,007,015	22,402,202	76,823,674	72,587,004
Expenses:						
Community Development	5,168,425	4,721,202	-	-	5,168,425	4,721,202
Finance Department	723,744	723,139	-	-	723,744	723,139
Fire Department	9,200,110	9,582,929	-	-	9,200,110	9,582,929
Library	5,716,184	5,956,494	-	-	5,716,184	5,956,494
Parks & Recreation	5,396,528	5,495,996	-	-	5,396,528	5,495,996
Police Department	10,744,348	10,949,777	-	-	10,744,348	10,949,777
Public Works	9,975,656	10,416,224	-	-	9,975,656	10,416,224
Non-Departmental	1,652,481	1,796,330	-	-	1,652,481	1,796,330
Interest on long-term debt	2,452,755	2,423,186	-	-	2,452,755	2,423,186
Water	-	-	7,641,213	8,063,852	7,641,213	8,063,852
Wastewater	-	-	8,492,767	8,732,200	8,492,767	8,732,200
Storm Water	-	-	1,707,827	2,670,369	1,707,827	2,670,369
Airport	-	-	597,816	594,875	597,816	594,875
Total Expenses	51,030,231	52,065,277	18,439,623	20,061,296	69,469,854	72,126,573
Excess of revenues over expenditures before transfers	1,786,428	(1,880,475)	5,567,392	2,340,906	7,353,820	460,431
Transfers	586,191	503,300	(586,191)	(503,300)	-	-
Change in Net Assets	2,372,619	(1,377,175)	4,981,201	1,837,606	7,353,820	460,431
Net Assets - Beginning	155,925,321	158,297,940	121,771,817	126,753,018	277,697,138	285,050,958
Net Assets - Ending	$ 158,297,940	$ 156,920,765	$ 126,753,018	$ 128,590,624	$ 285,050,958	$ 285,511,389

- Governmental activities decreased the City's net assets by ($1,377,175). This was primarily the result of decreased revenues from building permits and plan reviews for new construction and Systems Development Charge (SDC) revenue for Parks coming in substantially below estimates. SDC revenue is reserved for future capital projects; the result of the lower revenue may be the delay in implementing future year capital projects.

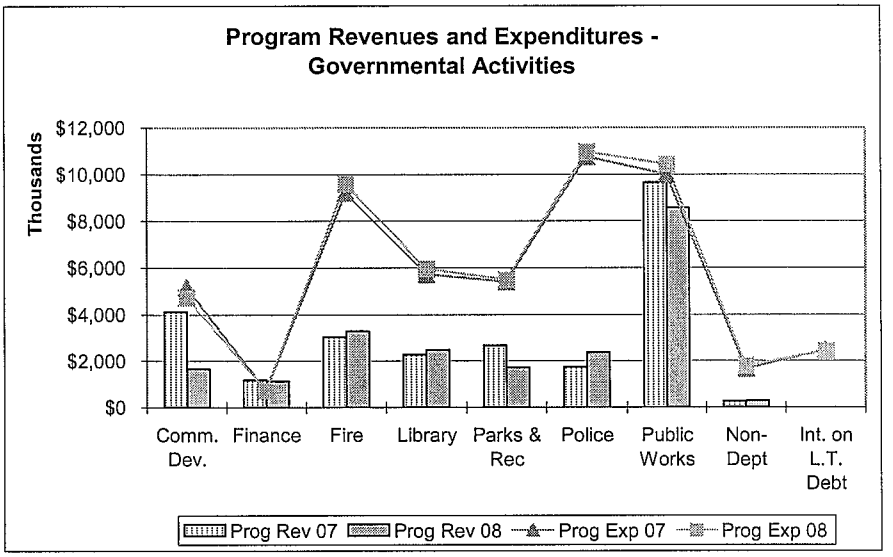
- Business-type activities increased the City's net assets by $1,837,606 . Rate increases in the water and wastewater funds have been implemented to increase program revenue to fund operating and maintenance costs as well as to build capacity for either cash or debt funded infrastructure projects.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.

As of June 30, 2008, the City's governmental funds reported combined ending fund balances of $21,411,159 , a decrease of ($10,334) in comparison with the prior year. Approximately 85.53% or $18,312,469 constitutes unreserved fund balance which is available for spending at the City's discretion. The remainder of the fund balance, $3,098,690 is reserved to indicate that it is not available for new spending because it has already been committed to pay for capital construction, endowments, and other purposes.



The General Fund is the main operating fund for the City. At the end of FY 2008, the unreserved fund balance of the General Fund was $3,622,412 . Reserves for construction totaled $142,454 . As a measure of the General Fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. The unreserved fund balance represents 28.86% of the total General Fund operating expenditures.

The total fund balance (reserved plus unreserved balance) of the General Fund decreased by $320,597 during FY 2008. Key factors in this decrease are:

- Property tax revenue was $395,000 higher than expected. For FY 2008 the assessed value for Hewlett-Packard, the City's largest property tax payer, leveled off and depreciated on a more balanced basis than in prior years when depreciation has been rapid.
- Franchise Fees and Transient Room tax revenue combined exceeded budget projections by more than $400,000. Franchise fees were higher due to rate increases charged by the various utilities and included a change in the rates electric utilities pay the Bonneville Power Administration which was passed on through higher rates. Transient Room Tax revenues were higher than expected based on more room nights used. Oregon State's football and baseball teams both brought in more room nights.
- Intergovernmental revenue for both state revenue sharing and cigarette taxes was $92,000 lower than expected due to delays in payments. The City received the final payments for FY 07-08 in August, after the accrual period had ended.
- The Public Works Department budget was more than $1.6 million underexpended. The City had budgeted to purchase the streetlight system, using a loan to make the purchase. Pacific Power notified the City in the fall that it would not consent to the sale, so the monies budgeted for the purchase were not expended, the proceeds from the loan were not received, and no debt payments were made. This had a net impact on the fund of $190,000 that had been budgeted for a debt service payment that was not made.

- The Police Department underexpended its budget by $350,000. Although there were several vacant positions throughout the year, the Department expended a significant portion of the salary savings on overtime to cover the vacant shifts.

In the Street Fund, the fund balance decreased by ($170,336). Street Systems Development Charge (SDC) revenue was considerably higher than expected due to several large commercial construction projects, but State Highway Tax revenue was lower than budgeted.

In the Parks and Recreation Fund, the ending fund balance was ($296,250) lower than the prior year. The Department completed Phase II construction on the Sunset Park construction project.

The Fire and Rescue Fund ending fund balance was $170,595 higher than June 30, 2007. The Fire and Finance Departments jointly implemented several changes in the ambulance billing process that significantly increased revenue collections.

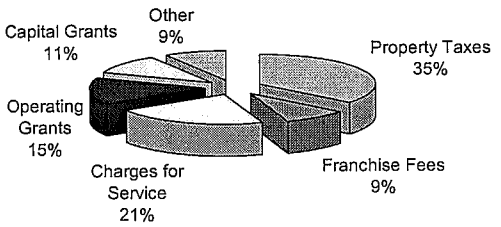
The Community Development Revolving Fund ending fund balance was $329,931 higher than the prior year, due to loan and grant allocations for affordable housing.

The Library Fund ended FY 2008 with a fund balance $63,498 higher than the prior year. This was the result of normal operations.

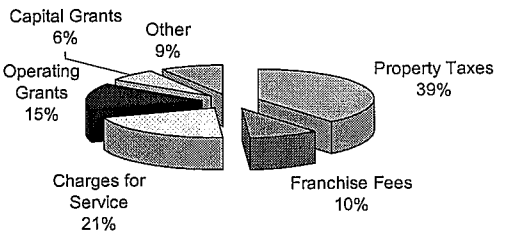
The Capital Construction Fund ending fund balance for June 30, 2008 was $184,653 higher than the prior year. The increase was the result of several projects in progress at the end of the fiscal year.

Revenue by Source – Governmental Funds

FY 06-07 Revenue by Source

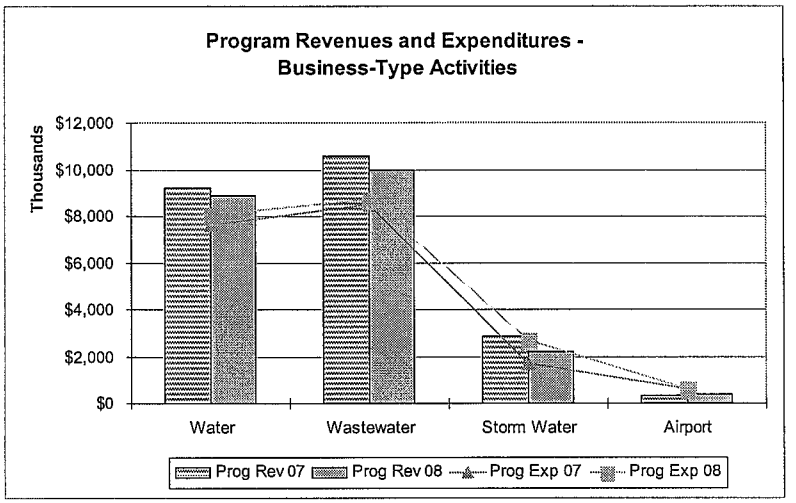


FY 07-08 Revenue by Source

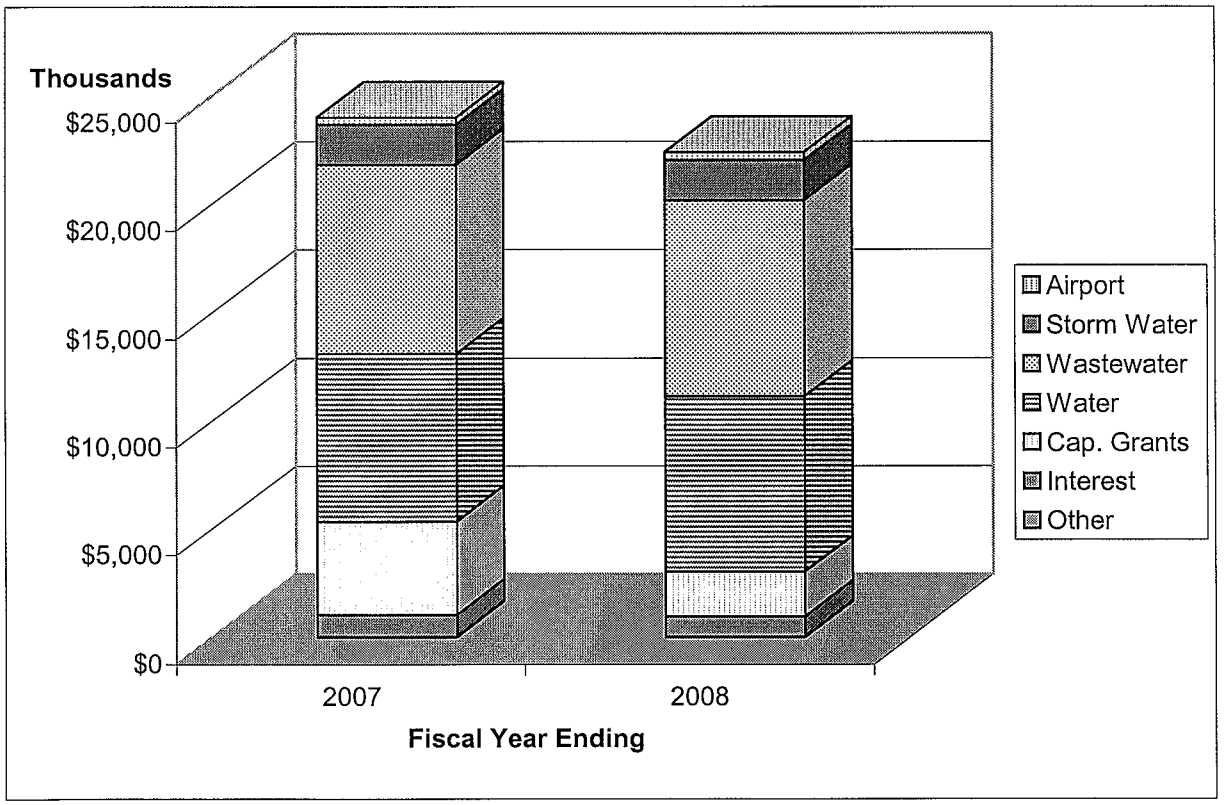


Proprietary Funds The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Activities in the proprietary funds increased the City's net assets by $1,837,606 . Key elements of this increase are as follows:

- The Water and Wastewater funds accounted for a significant portion of this increase, which resulted in part from the approval of a 7.0% rate increase for water, and 3.5% for wastewater, primarily to provide additional monies for operations and maintenance and future capital projects.
- Storm Water fees were not increased in FY 2008, but had been increased substantially in the earlier years. This has primarily been to develop capacity within rates to implement new infrastructure projects that are the result of the storm water master plan.
- Systems Development Charges (SDCs) for water, wastewater, and storm water revenues combined were more than $1 million lower than anticipated in FY 2008, the result of the national economic crisis that has led to a virtual standstill in new single family residential development. SDC revenue is used to fund infrastructure projects that occur as the result of increased demand. The drop in revenue may result in a delay in some of these infrastructure projects.



Revenues by Source – Business-type Activities



General Fund Budgetary Highlights

There was a $20,000 difference between the original budget and final amended budget. The City Council adopted a supplemental budget to make a grant to Mid-Valley Housing Plus. Significant variances between budget and actual activity can be summarized as follows:

- The Police Department under expended its budget by $357,000. During the course of the year several positions were vacant; a recruitment process was initiated, but it takes around nine months to recruit, select, and hire a new police officer. As of June 30, 2008 the Police Department had three vacant positions.
- The Public Works Department budget include monies to purchase the streetlight system, using proceeds from an anticipated loan. No purchase was made, so the budget was underexpended by more than $1.5 million.

Capital Asset and Debt Administration

Capital Assets The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to $290,637,080 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, machinery and equipment, office equipment, infrastructure, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was -0.19%. This total includes a -0.28% decrease in governmental activities and a -0.08% decrease in business-type activities.

Major capital asset events during FY 2008 included the following:

- Infrastructure maintenance projects capitalized for water, wastewater, storm water, streets, sidewalks, parks, and municipal buildings totaled $669,875.
- The first phase of Walnut Boulevard re-construction was completed, and the second phase was initiated with costs in FY 07-08 totaling $721,574.
- Work to replace the Taylor Water Treatment Plant High-Service Pump and Surge Tank was completed ($17,602), and work to replace the Taylor Filter Media was completed, spending $1,788,513.
- An upgrade to the Wastewater Treatment Plant Trickling Filters was initiated, with FY 07-08 expenditures totaling $237,456.
- The slow-down in Corvallis and the rest of the nation led to a lower than usual level of infrastructure assets constructed by private developers and donated to the City.

CITY OF CORVALLIS' CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
Land	$ 84,816,603	$ 85,008,050	$ 1,142,357	$ 1,142,357	$ 85,958,960	$ 86,150,407
Buildings	16,611,019	16,283,827	1,339,729	1,306,982	17,950,748	17,590,809
Vehicles	4,156,003	3,889,429	1,221,429	1,121,734	5,377,432	5,011,163
Machinery and equipment	1,970,385	2,359,414	1,907,788	1,790,338	3,878,173	4,149,752
Infrastructure	44,144,692	42,343,478	128,587,124	127,750,914	172,731,816	170,094,392
Construction in Progress	3,592,010	4,979,155	1,689,098	2,661,402	5,281,108	7,640,557
Total	$ 155,290,712	$ 154,863,353	$ 135,887,525	$ 135,773,727	$ 291,178,237	$ 290,637,080

Additional information on the City of Corvallis' capital assets can be found on pages 48-49 of this report.

Long-Term Debt At the end of FY 2008 the City had total debt outstanding of $74,793,967 . Of this amount, $13,530,000 comprises debt backed by the full faith and credit of the government, $6,025,000 is revenue supported, backed by the revenue of the wastewater utility operation, and $33,408,061 is limited-tax debt supported by operating funds of the City. The City also had total notes outstanding of $21,830,906 .

CITY OF CORVALLIS
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
General obligation bonds	$ 14,840,000	$ 13,530,000	$ -	$ -	$ 14,840,000	$ 13,530,000
Revenue bonds	-	-	6,390,000	6,025,000	6,390,000	6,025,000
Pension obligation bonds	33,638,679	33,408,061	-	-	33,638,679	33,408,061
Total bonded debt	48,478,679	46,938,061	6,390,000	6,025,000	54,868,679	52,963,061
Notes payable	-	-	23,509,371	21,830,906	23,509,371	21,830,906
Total Debt Outstanding	$ 48,478,679	$ 46,938,061	$ 29,899,371	$ 27,855,906	$ 78,378,050	$ 74,793,967

The City's total debt decreased ($3,584,083) or -4.57% during FY 2008. The decrease was the result of paying scheduled debt payments; the City did not incur any new debt during the fiscal year.

The City had a debt rating of A1 from Moody's for the wastewater refunding bonds and a debt rating of A3 from Moody's for the 2005 pension obligation bond issue.

Over the last several years, the City has obtained insurance for several debt instruments. On February 7, 2008, Moody's Investor Services ("Moody's") downgraded the Insured Financial Strength of XL Capital Assurance from "AAA" to "A3." As a result, the insured rating on the Series A 2006 Sewer System Senior Lien Bonds has been downgraded by Moody's from "AAA" to "A3". The Issuer's underlying rating is "A1" by Moody's. On June 19, 2008, Moody's downgraded the Insured Financial Strength of MBIA from "Aaa" to "A2." As a result, the insured rating on the City's 2001 Series A Open Space General Obligation Bonds has been downgraded by Moody's from "Aaa" to "A2". The underlying rating on the Issuer's General Obligation Bonds is "Aa3" by Moody's. On June 19, 2008 Moody's downgraded Ambac Assurance from Aa3 from AAA. The issuer's underlying rating is "A3" by Moody's. The City initiated secondary market disclosure as required for each of these events.

Additional information on the City of Corvallis' long-term debt can be found on pages 51-55 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Benton County, where Corvallis is the primary city, was 3.8% in June 2008, a decrease from last June's 4.1% seasonally adjusted rate, and 30% lower than the statewide unemployment rate of 5.4%. Benton County has continued to have the lowest unemployment rate in the State of Oregon.
- Property tax revenue was projected to increase 3.5% in FY 2009 based on an average rate of increase over the last ten fiscal years. At the beginning of October, the City was notified that actual assessed value had increased 3.65% which will result in approximately $30,000 more in property tax revenue to the City, over what is in the adopted budget. Annual variation in assessed value growth continues to be difficult to predict with any level of accuracy.
- Utility rates for the water, wastewater, and storm water funds are projected to increase slightly more than the City Council's policy guidelines of 2% to 3% on the average residential utility bill. The need for infrastructure improvements is driving the slightly higher rate increases.
- Residential construction has essentially stopped in Corvallis, although commercial projects have remained strong, and Oregon State University is in the middle of several major building projects with additional construction projects anticipated in the next several months. At this point, it is difficult to predict when the residential market will return to its previous level.

All of these factors were considered when preparing the budget for the 2008 fiscal year.

During FY 2008, unreserved fund balances in the General Fund increased to $3,622,412 . The City of Corvallis has appropriated $2,099,500 of this amount for spending in FY 2009. This draw on fund balances continues a trend over the last five years of decreasing operating revenue and increasing operating expenses.

Requests for Information

This financial report is designed to provide a general overview of the City of Corvallis' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Corvallis, 500 SW Madison, Corvallis, Oregon 97333, 541-766-6990 or via e-mail at finance@ci.corvallis.or.us.

BASIC FINANCIAL STATEMENTS

- GOVERNMENT-WIDE FINANCIAL STATEMENTS
- FUND FINANCIAL STATEMENTS
  - GOVERNMENTAL FUNDS
  - PROPRIETARY FUNDS
- NOTES TO THE BASIC FINANCIAL STATEMENTS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements, fund financial statements and the notes to the financial statements. An auditor's opinion is expressed on the basic financial statements.

CITY OF CORVALLIS, OREGON
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	*Business-type Activities*	*Total*
ASSETS			
Cash and investments	$ 23,095,860	$ 17,959,522	$ 41,055,382
Receivables (net of allowances for uncollectibles)			
Property taxes	693,599	-	693,599
Accounts	1,113,131	1,842,352	2,955,483
Accrued interest	3,337	5,122	8,459
Assessments	141,929	58,970	200,899
Franchise fees	252,529	-	252,529
Grants	584,378	27,145	611,523
Revolving loans	2,313,395	-	2,313,395
Other receivables	561,066	196	561,262
Other assets	335	-	335
Deferred charges	570,311	650,159	1,220,470
Property held for resale	1,040,083	-	1,040,083
Prepaid pension obligation costs	26,107,583	-	26,107,583
Other restricted assets	-	151,104	151,104
Restricted cash and investments	-	1,627,159	1,627,159
Capital assets:			
Non-depreciable	89,987,205	3,803,759	93,790,964
Other (net of accumulated depreciation)	64,876,148	131,969,968	196,846,116
Total Assets	$ 211,340,889	$ 158,095,456	$ 369,436,345
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	$ 1,440,116	$ 635,110	$ 2,075,226
Accrued interest	740,103	286,787	1,026,890
Other accured liabilities	394,996	83,206	478,202
Unearned revenue	88,973	-	88,973
Noncurrent liabilities:			
Due within one year			
Accrued compensated absences	3,004,038	555,128	3,559,166
Bonds payable	1,671,192	385,000	2,056,192
Notes payable	-	1,746,321	1,746,321
Due in more than one year:			
Accrued compensated absences	1,813,837	335,186	2,149,023
Bonds payable (net of unamortized premium and deferred amount on refunding)	45,266,869	5,393,509	50,660,378
Notes payable	-	20,084,585	20,084,585
Total Liabilities	54,420,124	29,504,832	83,924,956
Net Assets			
Investment in capital assets (net of related debt)	141,455,487	108,814,471	250,269,958
Restricted for:			
Capital projects and construction	2,976,844	11,367,467	14,344,311
Debt service	480,744	1,778,263	2,259,007
Endowments - nonexpendable	5,000	-	5,000
Other purposes	116,846	-	116,846
Unrestricted	11,885,844	6,630,423	18,516,267
Total Net Assets	156,920,765	128,590,624	285,511,389
Total Liabilities and Net Assets	$ 211,340,889	$ 158,095,456	$ 369,436,345

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

		Program Revenues		
Activities	***Expenses***	***Fees, Fines, and Charges for Services***	***Operating Grants and Contributions***	***Capital Grants and Contributions***
Governmental Activities:				
Community Development	$ 4,721,202	$ 914,830	$ 753,783	$ -
Finance	723,139	1,122,641	-	-
Fire	9,582,929	3,256,362	20,617	-
Library	5,956,494	216,866	2,263,021	-
Parks and Recreation	5,495,996	1,423,883	37,520	263,266
Police	10,949,777	1,094,862	1,268,350	-
Public Works	10,416,224	2,366,278	3,199,547	2,992,800
General Government	1,796,330	285,301	-	-
Interest on long-term debt	2,423,186	-	-	-
Total Govermental Activities	52,065,277	10,681,023	7,542,838	3,256,066
Business-type Activities:				
Water	8,063,852	8,126,619	-	747,235
Wastewater	8,732,200	9,028,522	-	931,729
Storm Water	2,670,369	1,859,065	-	351,596
Airport	594,875	382,523	-	27,145
Total Business-type Activities	20,061,296	19,396,729	-	2,057,705
Total Activities	$ 72,126,573	$ 30,077,752	$ 7,542,838	$ 5,313,771

General Revenues:
Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Transient room taxes
Franchise fees
Interest and investment earnings
Miscellaneous
Gain on sale of capital assets

Total General Revenues

Transfers

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	*Business-type Activities*	*Totals*
$ (3,052,589)	$ -	$ (3,052,589)
399,502	-	399,502
(6,305,950)	-	(6,305,950)
(3,476,607)	-	(3,476,607)
(3,771,327)	-	(3,771,327)
(8,586,565)	-	(8,586,565)
(1,857,599)	-	(1,857,599)
(1,511,029)	-	(1,511,029)
(2,423,186)	-	(2,423,186)
(30,585,350)	-	(30,585,350)
-	810,002	810,002
-	1,228,051	1,228,051
-	(459,708)	(459,708)
-	(185,207)	(185,207)
-	1,393,138	1,393,138
(30,585,350)	1,393,138	(29,192,212)
17,978,490	-	17,978,490
1,818,914	-	1,818,914
1,147,595	-	1,147,595
4,988,241	-	4,988,241
1,098,958	931,722	2,030,680
1,641,909	16,046	1,657,955
30,768	-	30,768
28,704,875	947,768	29,652,643
503,300	(503,300)	-
(1,377,175)	1,837,606	460,431
158,297,940	126,753,018	285,050,958
$ 156,920,765	$ 128,590,624	$ 285,511,389

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND - Accounts for all of the financial resources of the city which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, licenses, permits and state shared revenues. Primary expenditures in the General Fund are made for police, planning, municipal court and facilities maintenance.

STREET FUND - Accounts for the engineering, maintenance and improvements of city streets. The major revenue sources are state gasoline tax proceeds and system development charges.

PARKS AND RECREATION FUND - Accounts for the operation of the Parks and Recreation Department including park maintenance, the aquatic center and recreational programs for youth and adults. Major revenue sources include property taxes, fees for recreational programs and system development charges.

FIRE AND RESCUE FUND - Accounts for revenues and expenditures associated with the operation of fire, emergency medical and transport ambulance services. Fund operations are financed by property taxes, ambulance fees and Firemed revenue.

COMMUNITY DEVELOPMENT REVOLVING FUND - Accounts for community improvement services funded by loan repayments from community development block grant activities and federal HOME grants. Also accounts for housing improvement activities funded by grants and loan repayments.

LIBRARY FUND - Accounts for the operation and extension services of the Corvallis-Benton County Public Library. The major revenue sources are property taxes and operation monies from the Benton County Library Service District.

CAPITAL CONSTRUCTION FUND - Accounts for the construction and improvements of roads, park acquisition and improvements and facility construction and improvements.

CITY OF CORVALLIS, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	***Street***	***Parks and Recreation***
ASSETS			
Cash and investments	$ 3,953,676	$ 3,738,294	$ 2,581,470
Receivables			
Property taxes	693,599	-	-
Accounts	360,278	75,423	50,075
Accrued interest	-	1,610	1,636
Assessments	104,709	18,105	19,115
Franchise fees	252,529	-	-
Grants	5,910	-	12,734
Revolving loans	-	-	-
Other recievables	209,676	187,318	8,342
Property held for resale	1,040,083	-	-
Other assets	-	-	-
Total Assets	$ 6,620,460	$ 4,020,750	$ 2,673,372
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 396,183	$ 221,326	$ 117,052
Other accrued liabilities	317,531	52,538	4,652
Deferred revenue	2,141,880	18,105	49,573
Total Liabilities	2,855,594	291,969	171,277
Fund Balances			
Reserved			
Capital projects and construction	142,454	1,413,287	229,761
Endowments	-	-	-
Other purposes	-	-	116,846
Unreserved, reported in			
General Fund	3,622,412	-	-
Special Revenue Funds	-	2,315,494	2,155,488
Debt Service Funds	-	-	-
Permanent Fund	-	-	-
Total Fund Balance	3,764,866	3,728,781	2,502,095
Total Liabilities and Fund Balances	$ 6,620,460	$ 4,020,750	$ 2,673,372

Fire & Rescue	Community Development Revolving	Library	Capital Construction	Other Governmental Funds	Total
$ 2,807,693	$ 1,169,887	$ 2,180,567	$ 1,231,307	$ 3,627,902	$ 21,290,796
-	-	-	-	-	693,599
500,149	279	-	19,803	104,925	1,110,932
-	91	-	-	-	3,337
-	-	-	-	-	141,929
-	-	-	-	-	252,529
-	132,038	-	75,000	358,696	584,378
-	2,313,395	-	-	-	2,313,395
9,360	-	565	-	145,805	561,066
-	-	-	-	-	1,040,083
-	-	-	-	335	335
$ 3,317,202	$ 3,615,690	$ 2,181,132	$ 1,326,110	$ 4,237,663	$ 27,992,379
$ 91,768	$ 5,980	$ 87,121	$ 128,882	$ 60,472	$ 1,108,784
5	2,215	34	5,886	-	382,861
535,249	2,313,395	-	-	31,373	5,089,575
627,022	2,321,590	87,155	134,768	91,845	6,581,220
-	-	-	1,191,342	-	2,976,844
-	-	-	-	5,000	5,000
-	-	-	-	-	116,846
-	-	-	-	-	3,622,412
2,690,180	1,294,100	2,093,977	-	3,657,967	14,207,206
-	-	-	-	480,744	480,744
-	-	-	-	2,107	2,107
2,690,180	1,294,100	2,093,977	1,191,342	4,145,818	21,411,159
$ 3,317,202	$ 3,615,690	$ 2,181,132	$ 1,326,110	$ 4,237,663	$ 27,992,379

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Amounts reported for governmental activities in the statement of net assets (page 22) are different because:

Fund balance - total goverrnmental funds (page 24)	$	21,411,159
Capital assets used in governmental activities are not financial resouces and, therefore, are not included in the funds. Capital assets reported in internal service funds are included in the governmental capital assets reported on the statement of net asets but are not included here.		154,004,009
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		570,311
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(51,779,000)
Internal service funds are used by management to charge to the costs of fleet, facility, technology and communications, administrative services and risk management to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,606,101
In 2002 and 2005, the City made a payment to PERS for unfunded pension liabilities. The expenditures were reported in the funds when paid; however, the prepaid asset is not reported in the funds and must be amortized over the life of the debt. The unamortized balance is reported as a prepaid asset of governmental funds on the entity wide statement of net assets.		26,107,583
Other revenues are earned but are deferred as they are not available in the current period to pay for current period expenditures; therefore, these revenues are not reported in the funds.		5,000,602
Net assets of governmental activities (page 22)	$	156,920,765

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General	***Street***	***Parks and Recreation***
REVENUES			
Taxes	$ 4,784,086	$ -	$ 4,152,960
Licenses, fees, and permits	5,228,281	457,726	52,264
Charges for services	723,496	1,564,428	1,533,311
Intergovernmental	1,009,226	2,403,428	23,909
Fines and forfeitures	739,487	2,448	560
Miscellaneous	251,502	150,198	212,333
Total Revenues	12,736,078	4,578,228	5,975,337
EXPENDITURES			
Current			
Community Development	1,254,754	17,137	-
Finance	515,175	-	-
Fire	-	-	-
Library	-	-	-
Parks & Recreation	-	-	5,114,752
Police	8,566,912	-	-
Public Works	750,264	2,879,797	-
Nondepartmental	1,367,740	168,686	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	94,673	10,400	64,314
Total Expenditures	12,549,518	3,076,020	5,179,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	186,560	1,502,208	796,271
OTHER FINANCING SOURCES (USES)			
Proceeds - sale of capital assets	24,136	-	3,600
Transfers in	-	-	-
Transfers out	(531,293)	(1,672,544)	(1,096,121)
Total Other Financing Sources (Uses)	(507,157)	(1,672,544)	(1,092,521)
NET CHANGE IN FUND BALANCES	(320,597)	(170,336)	(296,250)
FUND BALANCE, Beginning of year	4,085,463	3,899,117	2,798,345
FUND BALANCE, End of year	$ 3,764,866	$ 3,728,781	$ 2,502,095

Fire & Rescue	Community Development Revolving	Library	Capital Construction	Other Governmental Funds	Total
$ 6,257,148	$ -	$ 3,506,888	$ -	$ 2,244,738	$ 20,945,820
19,283	91,248	-	-	1,055,120	6,903,922
3,251,275	5,000	38,482	-	2,135,861	9,251,853
20,618	742,005	2,263,021	528,280	2,075,014	9,065,501
20,292	(1,732)	79,703	-	372,611	1,213,369
150,156	682,989	197,143	327,256	781,646	2,753,223
9,718,772	1,519,510	6,085,237	855,536	8,664,990	50,133,688
-	1,164,191	-	-	2,171,882	4,607,964
-	-	-	-	108,177	623,352
8,793,931	-	-	-	-	8,793,931
-	-	5,668,989	-	920	5,669,909
-	-	-	-	-	5,114,752
-	-	-	-	1,878,683	10,445,595
-	-	-	-	2,281,108	5,911,169
-	-	-	-	2,675	1,539,101
-	-	-	-	1,540,618	1,540,618
-	-	-	-	2,437,148	2,437,148
311,531	-	143,403	3,338,493	31,737	3,994,551
9,105,462	1,164,191	5,812,392	3,338,493	10,452,948	50,678,090
613,310	355,319	272,845	(2,482,957)	(1,787,958)	(544,402)
3,032	-	-	-	-	30,768
-	-	-	2,667,610	2,020,351	4,687,961
(445,747)	(25,388)	(209,347)	-	(204,221)	(4,184,661)
(442,715)	(25,388)	(209,347)	2,667,610	1,816,130	534,068
170,595	329,931	63,498	184,653	28,172	(10,334)
2,519,585	964,169	2,030,479	1,006,689	4,117,646	21,421,493
$ 2,690,180	$ 1,294,100	$ 2,093,977	$ 1,191,342	$ 4,145,818	$ 21,411,159

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the statement of activities (page 23) are different because:

Net change in fund balances - total governmental funds (page 26)	$	(10,334)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and depreciation expense is recorded over the assets' useful lives. These are the amounts associated with the current period.		
Capital outlay		3,832,186
Current period depreciation		(4,988,835)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(443,102)
Contributions of capital assets increase net assets. These assets are not reported in the funds.		1,101,699
The issuance of long-term debt (i.e., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		272,555
Some expenses reported in the statement of activities do not require the use of current financial resouces and, therefore, are not reported as expenditures in governmental funds.		(152,913)
Some revenues are earned but are deferred as they are not available in the current period and, therefore, are not reported in the funds.		(1,186,453)
Internal service funds are used by management to charge the costs of fleet, facility, technology and communications, administrative services and risk management to the individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		198,022
Change in net assets of governmental activities (page 23)	$	(1,377,175)

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 4,570,130	$ 4,570,130	$ 4,784,086	$ 213,956
Licenses, fees, and permits	4,871,730	4,871,730	5,228,281	356,551
Charges for services	747,700	747,700	723,496	(24,204)
Intergovernmental	1,102,130	1,102,130	1,009,226	(92,904)
Fines and forfeitures	733,950	733,950	739,487	5,537
Miscellaneous	261,410	261,410	251,502	(9,908)
Total Revenues	12,287,050	12,287,050	12,736,078	449,028
EXPENDITURES				
Current				
Community Development	1,482,290	1,482,290	1,277,252	205,038
Finance	523,720	523,720	515,175	8,545
Police	8,963,530	8,963,530	8,605,967	357,563
Public Works	2,454,970	2,454,970	783,384	1,671,586
Nondepartmental	1,436,030	1,456,030	1,367,740	88,290
Debt service				
Principal	109,190	109,190	-	109,190
Interest	80,370	80,370	-	80,370
Contingency	257,310	257,310	-	257,310
Total Expenditures	15,307,410	15,327,410	12,549,518	2,777,892
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,020,360)	(3,040,360)	186,560	3,226,920
OTHER FINANCING SOURCES (USES)				
Proceeds - issuance of debt	1,410,000	1,410,000	-	(1,410,000)
Proceeds - sale of capital assets	-	-	24,136	24,136
Transfers in	66,350	66,350	-	(66,350)
Transfers out	(555,490)	(555,490)	(531,293)	24,197
Total Other Financing Sources (Uses)	920,860	920,860	(507,157)	(1,428,017)
NET CHANGE IN FUND BALANCE	(2,099,500)	(2,119,500)	(320,597)	1,798,903
FUND BALANCE, Beginning of year	3,514,771	3,514,771	4,085,463	570,692
FUND BALANCE, End of year	$ 1,415,271	$ 1,395,271	$ 3,764,866	$ 2,369,595

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – STREET FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Licenses, fees, and permits	$ 460,650	$ 460,650	$ 457,726	$ (2,924)
Charges for services	1,022,000	1,022,000	1,564,428	542,428
Intergovernmental	2,514,390	2,514,390	2,403,428	(110,962)
Fines and forfeitures	150	150	2,448	2,298
Miscellaneous	148,400	148,400	150,198	1,798
Total Revenues	4,145,590	4,145,590	4,578,228	432,638
EXPENDITURES				
Current				
Community Development	17,660	17,660	17,137	523
Public Works	3,202,540	3,202,540	2,890,197	312,343
Nondepartmental	300,000	300,000	168,686	131,314
Contingency	66,830	66,830	-	66,830
Total Expenditures	3,587,030	3,587,030	3,076,020	511,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	558,560	558,560	1,502,208	943,648
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,377,080)	(2,377,080)	(1,672,544)	704,536
NET CHANGE IN FUND BALANCE	(1,818,520)	(1,818,520)	(170,336)	1,648,184
FUND BALANCE, Beginning of year	3,602,268	3,602,268	3,899,117	296,849
FUND BALANCE, End of year	$ 1,783,748	$ 1,783,748	$ 3,728,781	$ 1,945,033

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – PARKS AND RECREATION FUND

YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 4,074,090	$ 4,074,090	$ 4,152,960	$ 78,870
Licenses, fees, and permits	43,200	43,200	52,264	9,064
Charges for services	1,767,520	1,767,520	1,533,311	(234,209)
Intergovernmental	32,570	32,570	23,909	(8,661)
Fines and forfeitures	860	860	560	(300)
Miscellaneous	210,890	221,246	212,333	(8,913)
Total Revenues	6,129,130	6,139,486	5,975,337	(164,149)
EXPENDITURES				
Current				
Parks & Recreation	5,480,860	5,491,216	5,179,066	312,150
Contingency	83,720	83,720	-	83,720
Total Expenditures	5,564,580	5,574,936	5,179,066	395,870
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	564,550	564,550	796,271	231,721
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	-	-	3,600	3,600
Transfers in	10,810	10,810	-	(10,810)
Transfers out	(1,647,125)	(1,647,125)	(1,096,121)	551,004
Total Other Financing Sources (Uses)	(1,636,315)	(1,636,315)	(1,092,521)	543,794
NET CHANGE IN FUND BALANCE	(1,071,765)	(1,071,765)	(296,250)	775,515
FUND BALANCE, Beginning of year	2,766,243	2,766,243	2,798,345	32,102
FUND BALANCE, End of year	$ 1,694,478	$ 1,694,478	$ 2,502,095	$ 807,617

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – FIRE AND RESCUE FUND

YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	$ 6,126,140	$ 6,126,140	$ 6,257,148	$ 131,008
Licenses, fees, and permits	13,460	13,460	19,283	5,823
Charges for services	2,710,510	2,710,510	3,251,275	540,765
Intergovernmental	25,000	25,000	20,618	(4,382)
Fines and forfeitures	8,000	8,000	20,292	12,292
Miscellaneous	169,050	169,050	150,156	(18,894)
Total Revenues	9,052,160	9,052,160	9,718,772	666,612
EXPENDITURES				
Current				
Fire	9,356,130	9,356,130	9,105,462	250,668
Contingency	175,330	175,330	-	175,330
Total Expenditures	9,531,460	9,531,460	9,105,462	425,998
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(479,300)	(479,300)	613,310	1,092,610
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	-	-	3,032	3,032
Transfers out	(823,750)	(823,750)	(445,747)	378,003
Total Other Financing Sources (Uses)	(823,750)	(823,750)	(442,715)	381,035
NET CHANGE IN FUND BALANCE	(1,303,050)	(1,303,050)	170,595	1,473,645
FUND BALANCE, Beginning of year	2,253,347	2,253,347	2,519,585	266,238
FUND BALANCE, End of year	$ 950,297	$ 950,297	$ 2,690,180	$ 1,739,883

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – COMMUNITY DEVELOPMENT REVOLVING FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Licenses, fees, and permits	$ 92,480	$ 92,480	$ 91,248	$ (1,232)
Charges for services	5,000	5,000	5,000	-
Intergovernmental	2,504,970	2,504,970	742,005	(1,762,965)
Fines and forfeitures	450	450	(1,732)	(2,182)
Miscellaneous	364,840	364,840	682,989	318,149
Total Revenues	2,967,740	2,967,740	1,519,510	(1,448,230)
EXPENDITURES				
Current				
Community Development	3,117,480	3,117,480	1,164,191	1,953,289
Contingency	28,850	28,850	-	28,850
Total Expenditures	3,146,330	3,146,330	1,164,191	1,982,139
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(178,590)	(178,590)	355,319	533,909
OTHER FINANCING SOURCES (USES)				
Transfers out	(26,890)	(26,890)	(25,388)	1,502
NET CHANGE IN FUND BALANCE	(205,480)	(205,480)	329,931	535,411
FUND BALANCE, Beginning of year	398,277	398,277	964,169	565,892
FUND BALANCE, End of year	$ 192,797	$ 192,797	$ 1,294,100	$ 1,101,303

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – LIBRARY FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	$ 3,433,040	$ 3,433,040	$ 3,506,888	$ 73,848
Charges for services	35,800	35,800	38,482	2,682
Intergovernmental	2,113,310	2,188,810	2,263,021	74,211
Fines and forfeitures	82,310	82,310	79,703	(2,607)
Miscellaneous	160,530	160,530	197,143	36,613
Total Revenues	5,824,990	5,900,490	6,085,237	184,747
EXPENDITURES				
Current				
Library	5,914,230	5,989,730	5,812,392	177,338
Contingency	114,350	114,350	-	114,350
Total Expenditures	6,028,580	6,104,080	5,812,392	291,688
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(203,590)	(203,590)	272,845	476,435
OTHER FINANCING SOURCES (USES)				
Transfers out	(209,350)	(209,350)	(209,347)	3
NET CHANGE IN FUND BALANCE	(412,940)	(412,940)	63,498	476,438
FUND BALANCE, Beginning of year	1,879,915	1,879,915	2,030,479	150,564
FUND BALANCE, End of year	$ 1,466,975	$ 1,466,975	$ 2,093,977	$ 627,002

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

PROPRIETARY FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON
COMBINING STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities - Enterprise Funds					*Governmental Activities Internal Service Funds*
	Water	*Wastewater*	*Storm Water*	*Airport*	*Total*	
ASSETS						
Current Assets						
Cash and investments	$ 5,671,959	$ 9,528,690	$ 2,126,372	$ 632,501	$ 17,959,522	$ 1,805,064
Receivables						
Accounts	821,131	789,945	181,634	49,642	1,842,352	2,199
Accrued interest	939	3,948	235	-	5,122	-
Grants	-	-	-	27,145	27,145	-
Other receivables	-	196	-	-	196	-
Total Current Assets	6,494,029	10,322,779	2,308,241	709,288	19,834,337	1,807,263
Noncurrent Assets						
Assessments receivable	29,005	28,306	1,659	-	58,970	-
Deferred issuance costs	359,313	290,846	-	-	650,159	-
Other restricted assets	151,067	37	-	-	151,104	-
Restricted cash and investments	-	1,627,159	-	-	1,627,159	-
Capital assets						
Non-depreciable	2,356,889	562,640	736,699	147,531	3,803,759	500,664
Other (net of accumulated depreciation)	41,608,002	68,549,624	14,835,714	6,976,628	131,969,968	358,680
Total Noncurrent Assets	44,504,276	71,058,612	15,574,072	7,124,159	138,261,119	859,344
Total Assets	$ 50,998,305	$ 81,381,391	$ 17,882,313	$ 7,833,447	$ 158,095,456	$ 2,666,607
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	$ 205,314	$ 328,674	$ 79,044	$ 22,078	$ 635,110	$ 331,332
Accrued compensated absences	218,008	256,491	74,105	6,524	555,128	447,088
Accured interest	181,917	97,951	-	6,919	286,787	-
Other accrued liabilities	70,010	3,497	9,699	-	83,206	12,135
Bonds payable, current portion	-	385,000	-	-	385,000	-
Notes payable, current portion	702,964	1,024,991	-	18,366	1,746,321	-
Total Current Liabilities	1,378,213	2,096,604	162,848	53,887	3,691,552	790,555
Long-Term Liabilities						
Accrued compensated absences	131,633	154,869	44,745	3,939	335,186	269,951
Bonds payable (net of unamortized premium and deferred amount on refunding)	-	5,393,509	-	-	5,393,509	-
Notes payable	5,364,937	14,520,220	-	199,428	20,084,585	-
Total Long-Term Liabilities	5,496,570	20,068,598	44,745	203,367	25,813,280	269,951
Total Liabilities	6,874,783	22,165,202	207,593	257,254	29,504,832	1,060,506
Net Assets						
Investment in capital assets, net of related debt	38,256,303	48,079,390	15,572,413	6,906,365	108,814,471	859,344
Restricted						
Capital projects and construction	4,163,051	7,106,475	97,860	81	11,367,467	-
Debt service	151,067	1,627,196	-	-	1,778,263	-
Unrestricted	1,553,101	2,403,128	2,004,447	669,747	6,630,423	746,757
Total Net Assets	44,123,522	59,216,189	17,674,720	7,576,193	128,590,624	1,606,101
Total Liabilities and Net Assets	$ 50,998,305	$ 81,381,391	$ 17,882,313	$ 7,833,447	$ 158,095,456	$ 2,666,607

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds					*Governmental Activities Internal Service Funds*
	Water	*Wastewater*	*Storm Water*	*Airport*	*Total*	
OPERATING REVENUES						
Licenses, fees, and permits	$ -	$ -	$ -	$ 4,579	$ 4,579	$ -
Charges for services	8,159,359	9,691,076	1,908,733	370,243	20,129,411	7,969,742
Fines and forfeitures	394	-	-	-	394	-
Miscellaneous	354,214	19,896	2,316	7,700	384,126	37,426
Total Operating Revenues	8,513,967	9,710,972	1,911,049	382,522	20,518,510	8,007,168
OPERATING EXPENSES						
Personnel services	2,809,435	2,747,025	861,866	106,303	6,524,629	4,226,662
Materials and supplies	901,425	455,678	41,395	9,241	1,407,739	673,957
Services	632,433	413,350	356,385	69,508	1,471,676	1,061,323
Utility and overhead	1,774,018	1,881,803	467,501	56,171	4,179,493	1,771,236
Training and conference	17,410	28,154	3,097	1,384	50,045	80,101
Depreciation and amortization	1,601,358	2,244,493	335,705	339,920	4,521,476	100,964
Total Operating Expenses	7,736,079	7,770,503	2,065,949	582,527	18,155,058	7,914,243
OPERATING INCOME (LOSS)	777,888	1,940,469	(154,900)	(200,005)	2,363,452	92,925
NON-OPERATING INCOME (EXPENSE)						
Interest income	327,818	475,273	102,817	25,815	931,723	105,097
Interest expense	(327,773)	(966,962)	-	(12,348)	(1,307,083)	-
Gain (loss) on disposal of capital assets	-	5,265	(604,420)	-	(599,155)	-
Total Non-Operating Income (Expense)	45	(486,424)	(501,603)	13,467	(974,515)	105,097
INCOME (EXPENSE) BEFORE CONTRIBUTIONS AND TRANSFERS	777,933	1,454,045	(656,503)	(186,538)	1,388,937	198,022
CAPITAL CONTRIBUTIONS						
Capital assets	366,562	258,200	283,721	-	908,483	-
Capital grants	-	-	16,341	27,145	43,486	-
Total Capital Contributions	366,562	258,200	300,062	27,145	951,969	-
TRANSFERS						
Transfers out	(245,672)	(172,379)	(79,589)	(5,660)	(503,300)	-
CHANGE IN NET ASSETS	898,823	1,539,866	(436,030)	(165,053)	1,837,606	198,022
NET ASSETS, Beginning of year	43,224,699	57,676,323	18,110,750	7,741,246	126,753,018	1,408,079
NET ASSETS, End of year	$ 44,123,522	$ 59,216,189	$ 17,674,720	$ 7,576,193	$ 128,590,624	$ 1,606,101

The accompanying notes are an integral part of the financial statements.

CITY OF CORVALLIS, OREGON
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds					*Governmental Activities Internal Service Funds*
	Water	*Wastewater*	*Storm Water*	*Airport*	*Total*	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 8,718,519	$ 9,957,056	$ 1,945,472	$ 376,814	$ 20,997,861	$ 143,080
Receipts from interfund services provided	2,085	-	2,897	-	4,982	7,940,897
Payments to suppliers	(1,836,649)	(1,087,812)	(311,653)	(84,237)	(3,320,351)	(3,119,652)
Payments to employees	(2,931,133)	(2,787,499)	(909,744)	(107,530)	(6,735,906)	(4,105,354)
Payments for interfund services used	(1,462,637)	(1,522,362)	(445,851)	(56,027)	(3,486,877)	(592,095)
Net Cash Provided by Operating Activities	2,490,185	4,559,383	281,121	129,020	7,459,709	266,876
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers out	(245,672)	(172,379)	(79,589)	(5,660)	(503,300)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(2,448,276)	(997,057)	(552,067)	(28,574)	(4,025,974)	(171,656)
Capital contributions	-	-	16,341	-	16,341	-
Interest paid	(345,698)	(964,255)	-	(12,868)	(1,322,821)	-
Payments on bond principal	-	(365,000)	-	-	(365,000)	-
Payments on notes payable	(671,801)	(988,465)	-	(18,199)	(1,678,465)	-
Proceeds - sale of capital assets	-	5,265	-	-	5,265	-
Net Cash Used In Capital and Related Financing Activities	(3,465,775)	(3,309,512)	(535,726)	(59,641)	(7,370,654)	(171,656)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	337,906	489,099	106,367	26,613	959,985	108,953
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(883,356)	1,566,591	(227,827)	90,332	545,740	204,173
CASH AND INVESTMENTS, Beginning of year	6,555,315	9,589,258	2,354,199	542,169	19,040,941	1,600,891
CASH AND INVESTMENTS, End of year	$ 5,671,959	$ 11,155,849	$ 2,126,372	$ 632,501	$ 19,586,681	$ 1,805,064

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water	*Wastewater*	*Storm Water*	*Airport*	*Total*	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 777,888	$ 1,940,469	$ (154,900)	$ (200,005)	$ 2,363,452	$ 92,925
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation and amortization	1,601,358	2,244,493	335,705	339,920	4,521,476	100,964
Change in assets and liabilities						
Receivables						
Accounts receivable	160,061	263,058	48,045	(5,714)	465,450	43,199
Assessments	(1,904)	(6,284)	(292)	-	(8,480)	-
Grants	-	-	-	-	-	6,093
Other	-	20	-	-	20	-
Other Assets	-	127	-	-	127	-
Accounts payable	20,007	163,312	39,886	(4,844)	218,361	29,791
Accrued compensated absences	(70,757)	(45,169)	2,978	(337)	(113,285)	(11,734)
Other accrued liabilities	3,532	(643)	9,699	-	12,588	5,638
Net Cash Provided by Operating Activities	$ 2,490,185	$ 4,559,383	$ 281,121	$ 129,020	$ 7,459,709	$ 266,876
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
The City disposed of various assets during the year which resulted in gains (losses)	$ -	$ 5,265	$ (604,420)	$ -	$ (599,155)	$ -
Contributions of capital assets	366,562	258,200	283,721	-	908,483	-

The accompanying notes are an integral part of the financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Corvallis, Oregon ("the City") is a municipal corporation governed by an elected mayor and nine-member Council. The Council appoints a City Manager to act as the administrative head of operations. As required by accounting principles generally accepted in the United States of America (GAAP) all significant activities of the City have been included in the basic financial statements. The City qualifies as a primary government since the City has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the City's boundaries. The City is not financially accountable for any of these entities; therefore, none of them are considered component units nor are they included in these basic financial statements.

Government-wide and fund financial statements

The government-wide financial statements, the Statement of Net Assets and the Statement of Activities, report information on all of the City's activities. For the most part, the effect of interfund activity has been removed from the government-wide statements. An exception to this is services or goods provided by an activity and used by another activity. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are segregated from business-type activities, which are primarily supported by charges for services and fees.

The Statement of Activities demonstrates the degree to which the direct expenses of a given activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific activity. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Indirect expenses are recovered through internal service fund charges. These indirect expenses are allocated based on a full-cost approach, thereby allocating indirect expenses among functions with the objective of allocating all expenses. Taxes and other revenues that are not properly included among program revenues are reported as general revenues. When both restricted and unrestricted resources are available for use, the City's policy is to utilize the restricted resources first; unrestricted resources are then utilized as needed.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The City's government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash inflows and outflows. Property taxes are recognized as revenues in the year for which they are assessed. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

collected within 30 days of June 30 for the year being reported. Expenditures other than debt service, compensated absences, and claims and judgments are recorded when a liability is incurred, as under accrual accounting. Debt service, compensated absences, and claims and judgments are recorded when payment is due.

Property taxes, franchise fees, transient room taxes, and state shared revenues associated with the current period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period when collected within 30 days following year end. Investment interest earned but not received as of June 30 is also accrued and recorded as revenue of the current fiscal year. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the City. The General Fund accounts for all financial resources of the City excluding those required to be accounted for in another fund. Principal sources of revenue are taxes, fees, licenses, permits, and intergovernmental revenues. Primary expenditures in the General Fund are made for police, community development, and finance.

Street Fund

The Street Fund accounts for the engineering, operations, maintenance and improvements of city streets. The major revenue sources for the Street Fund are intergovernmental revenue and charges for services.

Parks and Recreation Fund

The Parks and Recreation Fund accounts for the operations of the Parks and Recreation Department including park maintenance, the aquatic center, and recreation programs for youth and adults. Major revenue sources include taxes and charges for services.

Fire and Rescue Fund

The Fire and Rescue fund accounts for the revenues and expenditures associated with the operation of fire, emergency medical, and transport ambulance services. Primary sources of revenue are taxes and charges for services.

Community Development Revolving Fund

The Community Development Revolving Fund accounts for community improvement services funded by loan repayments from community development block grant activities. The fund also accounts for housing improvement activities funded by grants and loan repayments.

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Library Fund

The Library Fund accounts for the operation and extension services of the Corvallis-Benton County Public Library. Major revenue sources include taxes and intergovernmental revenues.

Capital Construction Fund

The Capital Construction Fund accounts for the construction and improvements of roads, park acquisition, park improvements, facility improvements, and facility construction. Primary sources of funds are grants and transfers-in of system development charges or operating fund monies.

The City reports the following major enterprise funds:

Water Fund

The Water Fund accounts for the operation, maintenance, capital improvements and related debt service of the City's water acquisition, treatment, and distribution system. Primary revenues are charges for services.

Wastewater Fund

The Wastewater Fund accounts for the operation, maintenance, capital improvements and related debt service of the City's sanitary sewer collection and treatment system. Primary revenues are charges for services.

Storm Water Fund

The Storm Water Fund accounts for the operation, maintenance, capital improvements and related debt service of the City's storm water drainage system which includes both closed pipe and open urban streams. Primary revenues are charges for services.

Airport Fund

The Airport Fund accounts for the operation, maintenance, capital improvements and related debt service of the City's airport facilities. Primary revenues are from charges for services and intergovernmental revenues.

Additionally the City reports the following fund types:

Internal Service Funds

Internal service funds account for services provided for departmental units within the City. Services provided by the internal service funds include facility maintenance, fleet maintenance, technology and communications, administrative services, and risk management. The cost of the services provided is recovered by charges to the department receiving the service.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Non-major Funds

The City also reports on non-major special revenue funds, debt service funds and permanent funds. Non-major special revenue funds include the 9-1-1 Fund, Development Services Fund, Parking Fund, and Transit Fund. The City's non-major debt service funds are the General Obligation Debt Service Fund and the Pension Obligation Debt Service Fund. The City's permanent fund is the Davidson Library Fund. Budgetary statements for these funds are included as part of supplementary information.

The City's government-wide and proprietary statements are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 to the extent that those standards do not conflict or contradict guidance issued by GASB. Governments also have the option of following subsequent private sector guidance for business-type activities and enterprise funds subject to this same limitation. The City has elected not to implement FASB pronouncements issued after November 30, 1989.

Interfund transfers, interfund services provided and used, interfund reimbursements and interfund payables and receivables are all interfund activities. The effect of interfund activities and administrative charges are eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated from the government-wide statements since elimination would distort the program revenues and direct costs of the City's functions.

Amounts reported as program revenues in the government-wide statement of activities include: fines, fees, and charges to users for services provided, goods produced or privileges provided; operating grants and contributions; and capital grants and contributions. Taxes, grants and contributions that are not restricted are reported as general revenues. Franchise fees are based on gross receipts and are reported as general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's primary ongoing operations. The primary operating revenues of the Water Fund, Wastewater Fund, Storm Water Fund, Airport Fund, and internal service funds are charges to customers for sales and services. The Water Fund, Wastewater Fund, and Storm Water Fund also receive fees which are intended to recover the cost of connecting new customers to the utility systems. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities and Equity

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments. Cash and cash equivalents are recorded at cost, which approximates fair value. Fair value is defined as the amount at which an investment could be exchanged between willing parties, other than in a forced or liquidation sale.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

Cash and Investments (Continued)

State Statutes authorize the City to invest in obligations of the U.S. Treasury, certificates of deposit, U.S. Government Agency Securities, instrumentalities of U.S. Government-sponsored corporations, commercial paper, bankers acceptances, repurchase agreements and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City has an investment policy which is more restrictive than State law. The investment policy is reviewed annually by the City's Investment Council. The Investment Council meets quarterly and its membership includes the City Council President, City Manager, City Attorney, Finance Director, and a qualified citizen. Additionally, Oregon Revised Statutes require that amounts on deposit with financial institutions be collateralized at a rate of at least 25% of amounts in excess of deposit insurance coverage. Local Government Investment Pool balances are backed by the full faith and credit of the State of Oregon.

The City maintains a cash and investment pool for all of the City's funds. Monies within the cash and investments pool are identified by fund and by type. Interest earned on the cash and investment pool is allocated to the individual funds based on the individual fund's average cash balance for the period in which the interest was earned. For the Statement of Cash Flow purposes the City considers "cash" to include the pooled cash and investments. The cash and investment pool has the general characteristics of a demand deposit account since the cash and investment pool has sufficient liquidity so that any fund may deposit or withdraw cash at any time without notice or penalty.

Receivables

Trade receivables are reported in total, except for ambulance receivables which are shown net of an allowance for uncollectibles.

Property taxes receivable that are collected within 30 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance the operations of the current period. Property taxes are levied and become a lien on the property as of July 1. Taxes are payable in three installments on November 15, February 15 and May 15. Taxes unpaid as of May 16 are considered delinquent. All property taxes are billed and collected by Benton County, Oregon and then turned over to the City. No allowance for uncollectible property taxes is considered necessary as property taxes are collectible as a lien.

The City administers a loan program under the Housing and Community Development Act of 1974, Public Law 93-383. The City also administers a Rental Rehabilitation Loan Program as authorized by Section 17 of the Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181), as approved November 30, 1983. The Rental Rehabilitation Loan Program is also subject to the interim regulations of the Department of Housing and Urban Development (HUD) 24 CFR Part 511. These loans are secured by the property and collectible as a lien.

Grant proceeds for costs of managing the rehabilitation loan program are recorded as revenue when operating costs are incurred. Two types of loans are extended. The first is to owner/occupants and may be a no-interest,

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

Receivables (Continued)

deferred or fully amortized payment loan. The second type is interest bearing to investor/owner borrowers. Both types are extended to qualified borrowers for rehabilitation of eligible properties and are collateralized by real property. Both types are recorded as revolving loans receivable and deferred revenue when the loan is extended to the borrower.

The owner/occupied deferred payment loans are due upon sale or transfer of the real property. The interest bearing loans require monthly payments which are amortized over a period of years. The liens are due upon sale or transfer of the real property. When collections of the liens are received, such amounts are recognized as program income (revenue) and utilized to continue or benefit the program.

Property Held for Resale

Foreclosed land held for resale includes assessments receivable that have been foreclosed by the City. The properties are recorded at the lower of the cost of the assessment or the estimated net realizable value. Such amounts are fully offset by deferred revenue in the fund financial statements.

Prepaid Pension Obligation Costs

The City issued debt in 2002 and 2005 to fund the City's Public Employees Retirement System (PERS) unfunded actuarial liability. The amounts that were paid to PERS were recorded as prepaid pension obligation costs in the year of debt issuance and are amortized on a straight-line basis over the life of each debt issue.

Capital Assets

Capital assets are classified as land, buildings, office equipment, machinery and equipment, vehicles, utility plants and systems, infrastructure, and construction in progress. Capital assets have an initial, individual cost of $5,000 or more and a useful life greater than one year. Capital assets, excluding governmental activity infrastructure acquired prior to June 30, 1980, have been capitalized in the government-wide and proprietary fund financial statements. Capital assets are recorded at historical cost or estimated historical cost when no historical cost records are available. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property, plant and equipment in the proprietary funds is recorded at cost. Donated capital assets of the proprietary fund types are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the assets constructed, net of interest earned on the investment proceeds over the same period.

Depreciation on capital assets is calculated on a straight line basis over their estimated useful life. Depreciation is calculated on capital assets acquired during the fiscal year from the beginning of the month of acquisition to the end of the fiscal year. Retired or sold capital assets are depreciated through the end of the month in the month of retirement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

Capital Assets (Continued)

The estimated useful lives of the capital asset classifications are as follows:

Assets	Years
Infrastructure	20-75
Utility plants and system	40
Buildings	50
Vehicles	4-25
Machinery and equipment	10
Office equipment	3-5

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation within limits set by bargaining units. All employees with accrued vacation leave are paid the outstanding vacation accrual balance at separation. Employees with sick leave accruals and meeting longevity requirements are paid, within limits, for their sick leave accruals. All vacation and sick pay is accrued when incurred in the government-wide and proprietary statements. Compensated absences are paid by the individual funds when they become due.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond issuance costs, prepaid assets, and deferred amounts on refunding, if significant, are deferred and amortized over the life of the bond using straight-line amortization. Bond premiums and discounts are amortized using the bonds outstanding method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose by an outside third party. Designations of fund balance represent tentative management plans that are subject to change.

Use of Restricted Assets

When disbursements are paid for purposes in which both restricted and unrestricted net assets are available, the City deems restricted net assets to be spent first.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenditures/expenses. Actual results may differ from such estimates.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City adopts an annual budget in accordance with Oregon Revised Statutes (ORS) 294.305 through 294.565. The adopted budget is on a modified accrual basis for all funds. Minor reclassifications are made between the budgetary and the GAAP statements. The Oregon Constitution and ORS requires that the budget must be balanced and that the fiscal year for local governments is from July 1 through June 30. The Budget Commission, consisting of nine citizen representatives and the nine City Councilors, is required by ORS as part of the budget process. Through a process of public hearings and deliberations the Budget Commission develops and then recommends a budget to City Council for approval. The budget sets forth City Council's goals and objectives, and identifies the resources necessary to accomplish the goals and objectives. The City's budget is legally adopted by Council resolution before July 1.

The City maintains budgetary controls to ensure compliance with legal provisions of the City's annual appropriations resolution adopted by the City Council as part of the budget process. The legal level of budgetary control, by Council Resolution, is by department within each fund. The City cannot legally exceed appropriations at this level. Departments may transfer appropriations within a fund and department. All such transfers are reviewed by Finance Department staff for appropriateness. Appropriations lapse at fiscal year end. Capital projects not completed in the current fiscal year must be reappropriated in the next fiscal year as part of the adoption of the annual budget.

City Council may change the budget throughout the fiscal year by transferring appropriations between levels of legal compliance. Unexpected additional resources may be budgeted by adopting supplemental budgets as authorized by ORS. A supplemental budget requires public comments or hearings, newspaper publications, and City Council approval. City Council adopted one supplemental budget to grant funds to a non-profit entity. City Council also approved two resolutions accepting and appropriating grant funds that had not been anticipated at the time that the budget had been adopted.

CASH AND INVESTMENTS

Pooled Deposits and Investments

The City maintains a cash management pool for its deposits and investments in which each fund participates. Interest earnings are allocated monthly based on average daily balances of each fund. Cash and investments are reflected in the government-wide Statement of Net Assets as follows:

	Governmental Activities	*Business-Type Activities*	*Total*
Cash and investments	$ 23,095,860	$ 17,959,522	$ 41,055,382
Restricted cash and investments	-	1,627,159	1,627,159
Total Cash and Investments	$ 23,095,860	$ 19,586,681	$ 42,682,541

Deposits

On June 30 the book balance of the City's bank deposits is $5,424,168 and the bank balance is $6,108,251. The difference is due to transactions in process. Oregon Revised Statutes (ORS) require governmental deposits to be

***CASH AND INVESTMENTS** (Continued)*

Deposits (Continued)

made in approved depository banks and that those deposits be protected by depository insurance or collateralization. ORS requires that the financial institution maintain on deposit with a collateral pool manager securities having a value of not less than 25% of the face value of the certificate issued by the pool manager. When such securities are deposited with the pool manager, covered funds are considered fully collateralized under ORS. The collateral is held by a state-sponsored pool manager which is a commercial bank in the name of the pool manager, with the collateral certificate issued by the pool manager in the name of the City. These requirements do not constitute full collateralization of deposits but do meet ORS requirements. $200,000 of the balance is insured by federal depository insurance. The remaining balance was covered by collateral certificates of participation issued by the depository institutions in compliance with Oregon Revised Statutes.

Custodial Risk - Deposits

Custodial credit risk is the risk of loss of funds due to the event of a bank failure. At June 30, 2008 the City had deposits of which $200,000 of the balance was insured by federal depository insurance. The remainder was collateralized in accordance with Oregon Revised Statutes.

Investments

As of June 30, 2008 the City had the following investments:

Investment Type	*Fair Value*	*Less than 18 months*	*18-60 months*
Investments in the State of Oregon Local Government Investment Pool (LGIP)	$ 37,248,133	$ 37,248,133	$ -

Fifty percent of the LGIP portfolio must mature within 93 days. A maximum of 25 percent of the LGIP portfolio may have maturities greater than one year. No investments may have maturities greater than three years. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments with a maturity date greater than 270 days from the computation date. If the fair value computation's unrealized gain or loss is greater than one percent of the LGIP balance then the unrealized gain or loss is required to be distributed to pool participants. At June 30, 2008, the City's share of the amount of the unrealized loss reported by the LGIP, in accordance with ORS, was considered immaterial.

Custodial Credit Risk - Investments

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-term

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Investments (Continued)

Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. The Board has established portfolio diversification percentages based on the types and maturities of investments. LGIP must manage and invest its funds as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. A copy of the State's Comprehensive Annual Financial Report may be obtained at the Oregon State Treasury, 350 Winter St. NE, Salem, Oregon 97310-0840.

Interest Rate Risk

The City's investment policy limits long-term investments to 25% of the investment portfolio using specific identification. The City defines long-term as having a maturity of greater than 18 months to a maximum of 60 months. As of June 30, 2008 all of the City's investments were classified as short-term.

Credit Risk

The City's investment policy limits investments in commercial paper to the top rating by nationally recognized statistical rating organizations. This is more restrictive than what is allowed by state law. State and local government securities are required by the City's investment policy to have an AA rating or better. As of June 30, 2008 the City did not hold any commercial paper. The LGIP is not rated and is not registered with the U.S. Securities and Exchange Commission.

The City's investment policy also limits credit risk by restricting the amount invested in any class of security. The maximum percentage amount of the total investment portfolio that can be invested in US treasuries is 100%; US government agency securities 75%; LGIP 100%; banker acceptances, repurchase agreements, certificates of deposit, commercial paper, and State of Oregon and local government securities are limited to 25% of the total portfolio.

Concentration of Credit Risk

The City's investment policy limits the amount that may be invested with any one issuer or institution. A combination of certificates of deposits, bankers acceptances, repurchase agreements and commercial paper may not exceed 25% of the investment portfolio with any one institution. Commercial paper may have no more than 5% of the total portfolio from a single issuer. Certificates of deposit and repurchase agreements may have no more than 15% of the total portfolio invested with any one institution. No more than 15% of the total portfolio may be invested in one entity's state or local government security. US Government agency securities may be no more then 40% of the total portfolio. There is no limit on the percent of the portfolio that may be invested in US treasuries.

RECEIVABLES

Receivables include balances that are not expected to be collected within a year. The City anticipates that 46% of the property tax receivables will be collected after the subsequent year; 96% of assessments, housing and notes receivable are scheduled to be collected after the subsequent year.

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

Governmental Activities:

	Balances June 30, 2007	*Increases*	*Decreases*	*Balances June 30, 2008*
Non-depreciable capital assets				
Land	$ 84,816,603	$ 191,447	$ -	$ 85,008,050
Construction in progress	3,592,010	3,176,128	(1,788,983)	4,979,155
Total non-depreciable capital assets	88,408,613	3,367,575	(1,788,983)	89,987,205
Depreciable capital assets				
Buildings	22,972,828	150,745	-	23,123,573
Machinery and equipment	4,958,037	763,666	(513,802)	5,207,901
Vehicles	7,735,710	373,487	(153,399)	7,955,798
Infrastructure	94,818,711	1,854,091	-	96,672,802
Total depreciable capital assets	130,485,286	3,141,989	(667,201)	132,960,074
Less Accumulated Depreciation				
Buildings	(6,361,808)	(477,938)	-	(6,839,746)
Machinery and equipment	(2,987,653)	(369,109)	508,275	(2,848,487)
Vehicles	(3,579,707)	(587,447)	100,785	(4,066,369)
Infrastructure	(50,674,019)	(3,655,305)	-	(54,329,324)
Total accumulated depreciation	(63,603,187)	(5,089,799)	609,060	(68,083,926)
Total depreciable capital assets, net of accumulated depreciation	66,882,099	(1,947,810)	(58,141)	64,876,148
Governmental activities capital assets, net of accumulated depreciation	$ 155,290,712	$ 1,419,765	$ (1,847,124)	$ 154,863,353

Depreciation expense was charged to the functions of governmental activities as follows:

Finance	$ 92,643
City Manager's Office	1,473
Community Development	27,583
Public Works	3,947,430
Library	198,767
Parks and Recreation	281,173
Police	188,209
Fire	352,521
Total depreciation expense, governmental activities	$ 5,089,799

CAPITAL ASSETS (Continued)

Business-Type Activities:

	Balances June 30, 2007	*Increases*	*Decreases*	*Balances June 30, 2008*
Non-depreciable capital assets				
Land	$ 1,142,357	$ -	$ -	$ 1,142,357
Construction in progress	1,689,098	3,250,470	(2,278,166)	2,661,402
Total non-depreciable capital assets	2,831,455	3,250,470	(2,278,166)	3,803,759
Depreciable capital assets				
Buildings	1,811,742	8,257	-	1,819,999
Machinery and equipment	3,705,213	138,303	(5,619)	3,837,897
Vehicles	2,434,225	131,074	(34,451)	2,530,848
Infrastructure	178,812,734	3,080,098	-	181,892,832
Total depreciable capital assets	186,763,914	3,357,732	(40,070)	190,081,576
Less Accumulated Depreciation				
Buildings	(472,013)	(41,004)	-	(513,017)
Machinery and equipment	(1,797,425)	(255,753)	5,619	(2,047,559)
Vehicles	(1,212,796)	(230,769)	34,451	(1,409,114)
Infrastructure	(50,225,610)	(3,916,308)	-	(54,141,918)
Total accumulated depreciation	(53,707,844)	(4,443,834)	40,070	(58,111,608)
Total depreciable capital assets, net of accumulated depreciation	133,056,070	(1,086,102)	-	131,969,968
Business-type activities capital assets, net of accumulated depreciation	$ 135,887,525	$ 2,164,368	$ (2,278,166)	$ 135,773,727

Depreciation expense was charged to the functions of busines-type activities as follows:

Water	$ 1,550,802
Wastewater	2,217,407
Storm Water	335,705
Airport	339,920
Total depreciation expense, business-type activities	$ 4,443,834

INTERFUND TRANSFERS

Interfund transfers between governmental and business-type activities are reported as net transfers in the Statement of Activities. Details of the transfers between governmental and business-type activities are as follows:

	Transfers In		
Transfers Out:	*Capital Construction*	*Other Governmental Funds*	*Total*
General Fund	$ 67,723	$ 463,570	$ 531,293
Street Fund	1,580,654	91,890	1,672,544
Parks & Recreation Fund	944,425	151,696	1,096,121
Fire and Rescue Fund	-	445,747	445,747
Community Development Revolving Fund	-	25,388	25,388
Library Fund	-	209,347	209,347
Non-Major Governmental Funds	-	204,221	204,221
Water Fund	72,603	173,069	245,672
Wastewater Fund	1,103	171,276	172,379
Storm Water Fund	1,102	78,487	79,589
Airport Fund	-	5,660	5,660
Total Transfers	$ 2,667,610	$ 2,020,351	$ 4,687,961

The City routinely transfers monies to the Capital Construction Fund to finance the acquisition and construction of capital assets; all funds, excluding the permanent fund, transfer funds to the Pension Obligation Fund for annual debt service payments; and the Storm Water Fund supports the erosion and sediment control program in the Development Services Fund.

DEFERRED / UNEARNED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2008, the various components of deferred revenue and unearned revenues reported in the governmental funds are as follows:

	Deferred	*Unearned*
Delinquent property taxes receivable (General Fund)	$ 693,599	$ -
Assessments not yet due:		
General Fund	98,716	-
Street Fund	18,104	-
Parks and Recreation Fund	19,115	-
Grants	-	10,458
Property held for resale (General Fund)	1,040,083	-
Housing loans not yet due (Community Development Revolving Fund)	2,313,395	-
Receivables to be collected in future years	817,590	20,000
Operating revenue received but unearned (Fire and Rescue Fund)	-	58,515
Total Deferred and Unearned Revenue	$ 5,000,602	$ 88,973

LONG-TERM OBLIGATIONS

Bonds Payable

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital construction. General obligation bonds are direct obligations and are backed by the full faith and credit of the City. The City has outstanding general obligation bonds for governmental activities. Principal and interest on the outstanding debt is paid by the debt service funds.

General obligation bonds outstanding are as follows:

Governmental Activities:	*Amount of Original Issue*	*Interest Rates on Outstanding Balances*	*Balances June 30, 2008*	*Due within One Year*
Advance Refunding 1994	$ 5,380,000	4.80 - 4.95 %	$ 1,735,000	$ 550,000
Riverfront Park, Series 1999A	9,500,000	4.00 - 4.75	5,940,000	490,000
Open Space, Series 2001A	7,900,000	4.50 - 5.00	5,855,000	340,000
Total	$ 22,780,000		$ 13,530,000	$ 1,380,000

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending June 30	*Governmental Activities*	
	Principal	*Interest*
2009	$ 1,380,000	$ 615,508
2010	1,445,000	553,199
2011	1,505,000	487,130
2012	935,000	433,247
2013	980,000	392,272
2014-2018	5,600,000	1,243,888
2019-2021	1,685,000	170,715
Total	$ 13,530,000	$ 3,895,959

Revenue Bonds

The City issues revenue bonds to finance major capital construction projects for business-type activities. Income derived from the acquired or constructed assets is pledged to pay debt service. The City has committed to establish utility user charges sufficient to pay principal and interest when due. If user charges are not sufficient, the City is required by covenant to raise utility rates sufficient to pay maturing principal and interest. The City Council financial policy is to hold rate increases to 2 - 3 % of the total utility charge, with a maximum allowed rate of 7%, to meet operating costs and debt service requirements of the utilities. To date, utility rates have not been increased beyond the limits of the Council policy. Principal and interest on the revenue bonds are payable solely from user fees.

LONG-TERM OBLIGATIONS (Continued)

Bonds Payable (Continued)

Revenue Bonds (Continued)

The City borrowed $8,105,000 (Series 2000A) on May 1, 2000 to construct a major Wastewater Fund project, the Combined Sewer Overflow (CSO). The Series 2000A revenue bonds mature over 20 years with interest rates from 4.40 to 5.65%. The Series 2000A revenue bonds are senior to the notes used to partially finance the CSO project.

A portion of the Series 2000A revenue bonds were defeased in 2006 when the City issued $5,410,000 in Advanced Refunding bonds in order to reduce future debt payments. The refunding bonds mature over 14 years with interest rates from 3.00 to 5.00%. The defeased debt has been legally turned over to an escrow agent with sufficient funding to allow the agent to pay the debt as it matures. The defeased debt is no longer a liability of the City. The outstanding balance of the defeased debt at June 30, 2008 is $5,050,000.

Revenue bonds outstanding are as follows:

Business-type Activities:	*Amount of Original Issue*	*Interest Rates on Outstanding Balances*	*Balances June 30, 2008*	*Due within One Year*
Series 2000A	$ 8,105,000	5.10 - 5.15 %	$ 735,000	$ 360,000
Series 2006A	5,410,000	3.00 - 5.00	5,290,000	25,000
Total	$ 13,515,000		$ 6,025,000	$ 385,000

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending June 30	*Business-type Activities*	
	Principal	*Interest*
2009	$ 385,000	$ 265,748
2010	400,000	246,450
2011	420,000	226,200
2012	440,000	205,200
2013	465,000	183,200
2014-2018	2,685,000	550,150
2019-2020	1,230,000	68,150
Total	$ 6,025,000	$ 1,745,098

Limited Tax Bonds

The City issued $23,913,017 of limited tax Pension Obligation Bonds (Series 2002A) in fiscal year 2003 to finance a portion of the City's unfunded actuarial liability with the Oregon Public Employees Retirement System. The City issued another $9,980,000 of limited tax obligation bonds in fiscal year 2006 (Series 2005A) to retire the City's transition liability with PERS. Payment source is transfers from operating funds.

LONG-TERM OBLIGATIONS (Continued)

Bonds Payable (Continued)

Limited Tax Bonds (Continued)

Limited tax obligation bonds outstanding are as follows:

Governmental Activities:	*Amount of Original Issue*	*Interest Rates on Outstanding Balances*	*Balances June 30, 2008*	*Due within One Year*
Series 2002A	$ 23,913,017	5.96 - 7.06 %	$ 23,493,061	$ 201,192
Series 2005A	9,980,000	4.38 - 5.50	9,915,000	90,000
Total	$ 33,893,017		$ 33,408,061	$ 291,192

Annual debt service requirements to maturity for the pension obligation bonds are as follows:

Year Ending June 30	*Governmental Activities*	
	Principal	*Interest*
2009	$ 291,192	$ 1,794,996
2010	349,592	1,832,654
2011	406,667	1,875,255
2012	461,767	1,923,380
2013	516,249	1,974,000
2014-2018	3,432,123	10,814,342
2019-2023	4,990,471	12,758,269
2024-2028	16,125,000	5,340,691
2029-2030	6,835,000	673,400
Total	$ 33,408,061	$ 38,986,987

Notes Payable

The City issues notes payable to finance major acquisitions or construction projects in governmental and business-type activities. In 1992, the City borrowed $700,000 from the State of Oregon Department of Environmental Quality (DEQ) to complete a project to replace/rehabilitate a portion of the sewers in the older part of the community that had exceeded their service life.

In 1994, the City began expansion of its water treatment capacity at the Taylor treatment plant. The City borrowed $9,703,408 in 1994 and $2,107,000 in 1996 to complete the project. Both Taylor treatment plan loans are from the Oregon Economic Development Department. The1994 loan was refunded in 1998 in order to take advantage of lower interest rates.

In 1996, the City borrowed $332,240 from the Oregon Economic Development Department to develop water and sewer utilities for land in the Airport Industrial Park, and in 1997, the City borrowed $21,263,693 from the DEQ to finance construction of a combined sewer overflow project.

LONG-TERM OBLIGATIONS (Continued)

Notes Payable (Continued)

Outstanding notes payable are as follows:

Business-type Activities:	*Amount of Original Issue*	*Interest Rates on Outstanding Balances*	*Balances June 30, 2008*	*Due within One Year*
OEDD Loan G95003	$ 9,703,048	4.507 %	$ 4,834,356	$ 594,837
OEDD Loan B97001	2,107,000	5.444	1,233,545	108,127
DEQ sewer rehabilitation	700,000	3.000	244,736	41,570
DEQ CSO	21,263,693	3.690	15,300,475	983,421
OEDD Loan B96002	332,240	5.469	217,794	18,366
Total Notes Payable, Business-type Activities	$ 34,105,981		$ 21,830,906	$ 1,746,321

Annual debt service requirements to maturity for the notes are as follows:

Year Ending June 30	*Business-type Activities*	
	Principal	*Interest*
2009	$ 1,746,321	$ 964,251
2010	1,821,277	885,888
2011	1,893,401	803,587
2012	1,982,793	717,404
2013	2,069,583	626,378
2014-2018	8,674,125	1,751,993
2019-2021	3,643,406	237,244
Total	$ 21,830,906	$ 5,986,745

The above notes contain various restrictive covenants which include, among other conditions, requirements to maintain net operating revenues, create a loan reserve account and deposit from the fund's net operating revenues or other available funds into the loan reserve account, an amount equal to the average loan payments, and restrictions on certain additional indebtedness. As of June 30, 2008 $1,627,159 was held in a loan reserve account. All of the covenants were met at June 30, 2008.

LONG-TERM OBLIGATIONS (Continued)

Changes in Long-Term Obligations

Governmental Activities:	*Balances June 30, 2007*	*Additions*	*Reductions*	*Balances June 30, 2008*	*Due within One Year*
Bonds Payable					
General Obligation Bonds	$ 14,840,000	$ -	$ 1,310,000	$ 13,530,000	$ 1,380,000
Limited Tax Bonds	33,638,679	-	230,618	33,408,061	291,192
Total Bonds Payable	48,478,679	-	1,540,618	46,938,061	1,671,192
Compensated Absences	4,676,694	2,913,421	2,772,240	4,817,875	3,004,038
Total Long-Term Obligations, Governmental Activities	$ 53,155,373	$ 2,913,421	$ 4,312,858	$ 51,755,936	$ 4,675,230

Business-type Activities:	*Balances June 30, 2007*	*Additions*	*Reductions*	*Balances June 30, 2008*	*Due within One Year*
Bonds Payable					
Revenue Bonds	$ 6,390,000	$ -	$ 365,000	$ 6,025,000	$ 385,000
Less deferred amounts:					
For issuance premium	132,094		15,051	117,043	-
On refunding	(394,255)	-	(30,721)	(363,534)	-
Total Bonds Payable	6,127,839	-	349,330	5,778,509	385,000
Notes Payable	23,509,371	-	1,678,465	21,830,906	1,746,321
Compensated Absences	1,003,600	481,703	594,989	890,314	555,128
Total Long-Term Obligations, Business-Type Activities	$ 30,640,810	$ 481,703	$ 2,622,784	$ 28,499,729	$ 2,686,449

ENDOWMENT

The City's Permanent Fund includes amounts that are restricted for use. The non-expendable portion of the fund is segregated as a restriction for endowments on the Statement of Net Assets. The expendable portion of the fund is included as unrestricted net assets. The spending of investment income for these funds is budgeted in compliance with the related agreements; state law does not limit the ability to spend the investment income.

The following are the amounts available:

Davidson Library Fund:	*Permanently Restricted for Endowment*	*Amount Available for Specific Expenditure*	*Total*
Total Net Assets	$ 5,000	$ 2,107	$ 7,107

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains insurance policies from commercial suppliers and annual premiums are paid for the following coverages: real and personal property of $168,109,787; earthquake of $100,000,000; water damage of $25,000,000; computer data and media / extra expense of $1,000,000; fine art of $1,000,000; tort liability of $5,000,000; airport liability of $5,000,000; honesty blanket bond of $700,000; public official bonds of $300,000; various real, personal and inland marine property coverage for replacement costs; and various flood coverage for city buildings. The City also carries commercial insurance for workers' compensation and employee health, life and disability coverages. No insurance claims settled in each of the past three years have exceeded policy coverage.

The City's Risk Management Fund, an Internal Service Fund, accounts for and finances the City's risks of loss. All funds of the City participate in the Risk Management Fund. Amounts payable to the Risk Management Fund are based on cost estimates necessary to pay premiums and if applicable, prior and current year claims and to establish a reserve of $450,000 for catastrophic losses.

CONTINGENCIES

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

There have been a number of court cases in State and Federal Court involving OPERS. There have been State Supreme Court decisions on the OPERS litigation, and the PERS board has nearly completed implementation. Litigation concerning OPERS is still pending in the Federal Courts. The City is not a named party in the lawsuits, but the decisions could have an impact on the City's unfunded actuarial liability.

OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in pensions plans, the City provides certain health care benefits for retired employees under union contracts and City practices. Substantially all of the City employees hired prior to June 1992 may become eligible for those benefits as they reach normal retirement age while working for the City. The benefits continue for life or until the retiree becomes eligible for Medicare benefits, at which time the City's insurance continues as a secondary insurance. The cost of retiree health care benefits is recognized as an expenditure/expense as premiums are paid. In fiscal year 2008 those costs totaled $676,677. At June 30, 2008, a total of 168 retirees were eligible to receive benefits.

PENSION PLAN

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System ("OPERS"), a cost-sharing multiple-employer defined benefit pension plan. The Public Employee Retirement System (PERS), which was established under Oregon Revised Statute (ORS) 238.600, applies to all employees who had established membership prior to August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), which was established under ORS 238A and went into effect on January 1, 2004, applies to all people who are first employed with a public employer after August 29, 2003. The Public Employees Retirement Board (PERB)

PENSION PLAN (Continued)

Plan Description (Continued)

governs and acts as a common investment and administrative agent for both plans which are the retirement plans for most public employers in the State of Oregon. Benefits are established by state statute, and employer contributions are made at the actuarially determined rate for each system as adopted by the PERB. The Oregon Public Employees Retirement System, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Both PERS and OPSRP plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Funding Status

Covered employees are required by state statute to contribute 6.0 percent of their salary to the plan which is invested in the Individual Account Program (IAP). Employers are permitted to pay employee contributions to the fund. During fiscal year 2007-08, employees of the City of Corvallis who are in the American Federation of State, County and Municipal Employees and the Corvallis Police Officers Association bargaining units, and exempt employees contribute the 6.0 percent share from their salary. The City Manager and the members of the International Association of Fire Fighters and Corvallis Regional Communications Center Association have their 6.0 percent contribution paid by the City based upon their respective contracts.

The City is required by statute to contribute actuarially computed amounts as determined by OPERS. OPERS completes an actuarial valuation as of December 31 of odd numbered years for new rates to be implemented July 1 of the next odd numbered year. Rates are subject to change as a result of subsequent actuarial valuations and the proportion of the system that is funded for each local government employer.

For OPSRP, all employers are included in a single pool, with separate rates assigned for police and fire participants and general service participants. Beginning January 1, 2004 OPSRP rates were set at 11.65 percent for police and fire and 8.04 percent for general service employees. These rates changed to 11.23 percent and 7.96 percent, respectively, on July 1, 2007 based on the December 31, 2005 valuation.

Annual Pension Cost

The City's contributions to PERS for the fiscal years ending June 30, 2006, 2007, and 2008 were $2,417,241, $2,525,983, and $2,313,355, respectively, which equaled the required contribution for the year. In March 2002 the City issued $23,913,017 in Pension Obligation Bonds to pay the City's unfunded actuarial liability as identified by OPERS based on the December 31, 2000 system valuation brought forward to the March 2002 pay-off date. In September 2005 the City issued $9,980,000 in Pension Obligation Bonds to retire the City's transition liability with PERS.

SUPPLEMENTARY INFORMATION

- NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENTS
- NON-MAJOR SPECIAL REVENUE, CAPITAL PROJECTS, DEBT SERVICE, PERMANENT, AND PROPRIETARY FUND STATEMENTS AND SCHEDULES
  - NON-MAJOR SPECIAL REVENUE FUNDS
  - CAPITAL PROJECTS FUND
  - DEBT SERVICE FUNDS
  - PERMANENT FUNDS
  - ENTERPRISE FUNDS
  - INTERNAL SERVICE FUNDS
- OTHER FINANCIAL SCHEDULES

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue	*Debt Service*	*Permanent*	*Total*
ASSETS				
Cash and investments	$ 3,140,308	$ 480,409	$ 7,185	$ 3,627,902
Receivables				
Accounts	104,925	-	-	104,925
Grants	358,696	-	-	358,696
Other recievables	145,805	-	-	145,805
Other assets	-	335	-	335
Total Assets	$ 3,749,734	$ 480,744	$ 7,185	$ 4,237,663
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 60,394	$ -	$ 78	$ 60,472
Deferred revenue	31,373	-	-	31,373
Total Liabilities	91,767	-	78	91,845
Fund Balances				
Reserved				
Endowments	-	-	5,000	5,000
Unreserved				
Undesignated	3,657,967	480,744	2,107	4,140,818
Total Fund Balances	3,657,967	480,744	7,107	4,145,818
Total Liabilities and Fund Balances	$ 3,749,734	$ 480,744	$ 7,185	$ 4,237,663

CITY OF CORVALLIS, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	Special Revenue	*Debt Service*	*Permanent*	*Total*
REVENUES				
Taxes	$ 425,824	$ 1,818,914	$ -	$ 2,244,738
Licenses, fees, and permits	1,055,120	-	-	1,055,120
Charges for services	2,135,861	-	-	2,135,861
Intergovernmental	2,075,014	-	-	2,075,014
Fines and forfeitures	372,611	-	-	372,611
Miscellaneous	749,047	32,253	346	781,646
Total Revenues	6,813,477	1,851,167	346	8,664,990
EXPENDITURES				
Current				
Community Development	2,171,882	-	-	2,171,882
Finance	108,177	-	-	108,177
Library	-	-	920	920
Police	1,878,683	-	-	1,878,683
Public Works	2,281,108	-	-	2,281,108
Nondepartmental	-	2,675	-	2,675
Debt service				
Principal	-	1,540,618	-	1,540,618
Interest	-	2,437,148	-	2,437,148
Capital outlay	31,737	-	-	31,737
Total Expenditures	6,471,587	3,980,441	920	10,452,948
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	341,890	(2,129,274)	(574)	(1,787,958)
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	1,995,351	-	2,020,351
Transfers out	(204,221)	-	-	(204,221)
Total Other Financing Sources (Uses)	(179,221)	1,995,351	-	1,816,130
NET CHANGE IN FUND BALANCES	162,669	(133,923)	(574)	28,172
FUND BALANCE, Beginning of year	3,495,298	614,667	7,681	4,117,646
FUND BALANCE, End of year	$ 3,657,967	$ 480,744	$ 7,107	$ 4,145,818

NON-MAJOR SPECIAL REVENUE FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

NON-MAJOR SPECIAL REVENUE FUNDS

These funds account for proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

9-1-1 FUND - Accounts for the regional emergency 9-1-1 system activities mutually funded by state, regional and local agencies.

DEVELOPMENT SERVICES FUND - Accounts for the plan review and inspection services provided by the Development Services Division. The primary revenue source is fees paid by developers for these services.

PARKING FUND - Accounts for revenues and expenditures associated with the operation, enforcement, maintenance and capital improvements for downtown parking.

TRANSIT FUND - Accounts for revenues and expenditures associated with the operation of the City's transit system. Major revenue sources include property taxes, grant monies and charges for services (rider fees).

CITY OF CORVALLIS, OREGON
COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	9-1-1	*Development Services*	*Parking*	*Transit*	*Total*
ASSETS					
Cash and investments	$ 349,678	$ 986,406	$ 784,957	$ 1,019,267	$ 3,140,308
Receivables					
Accounts	-	53,592	31,763	19,570	104,925
Grants	-	-	-	358,696	358,696
Other recievables	144,746	-	-	1,059	145,805
Total Assets	$ 494,424	$ 1,039,998	$ 816,720	$ 1,398,592	$ 3,749,734
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 785	$ 21,997	$ 2,604	$ 35,008	$ 60,394
Deferred revenue	-	-	31,373	-	31,373
Total Liabilities	785	21,997	33,977	35,008	91,767
Fund Balances					
Unreserved					
Undesignated	493,639	1,018,001	782,743	1,363,584	3,657,967
Total Fund Balances	493,639	1,018,001	782,743	1,363,584	3,657,967
Total Liabilities and Fund Balances	$ 494,424	$ 1,039,998	$ 816,720	$ 1,398,592	$ 3,749,734

CITY OF CORVALLIS, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2008

	9-1-1	*Development Services*	*Parking*	*Transit*	*Total*
REVENUES					
Taxes	$ -	$ -	$ -	$ 425,824	$ 425,824
Licenses, fees, and permits	-	1,000,239	54,881	-	1,055,120
Charges for services	671,236	839,481	161,502	463,642	2,135,861
Intergovernmental	1,266,895	-	-	808,119	2,075,014
Fines and forfeitures	-	-	372,551	60	372,611
Miscellaneous	17,449	56,225	32,671	642,702	749,047
Total Revenues	1,955,580	1,895,945	621,605	2,340,347	6,813,477
EXPENDITURES					
Current					
Community Development	-	2,168,572	3,310	-	2,171,882
Finance	-	-	108,177	-	108,177
Police	1,632,206	-	246,477	-	1,878,683
Public Works	-	-	102,744	2,178,364	2,281,108
Capital outlay	-	16,737	-	15,000	31,737
Total Expenditures	1,632,206	2,185,309	460,708	2,193,364	6,471,587
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	323,374	(289,364)	160,897	146,983	341,890
OTHER FINANCING SOURCES (USES)					
Transfers in	-	25,000	-	-	25,000
Transfers out	(83,144)	(88,648)	(21,190)	(11,239)	(204,221)
Total Other Financing Sources (Uses)	(83,144)	(63,648)	(21,190)	(11,239)	(179,221)
NET CHANGE IN FUND BALANCE	240,230	(353,012)	139,707	135,744	162,669
FUND BALANCE, Beginning of year	253,409	1,371,013	643,036	1,227,840	3,495,298
FUND BALANCE, End of year	$ 493,639	$ 1,018,001	$ 782,743	$ 1,363,584	$ 3,657,967

CITY OF CORVALLIS, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – 9-1-1 FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 671,180	$ 671,180	$ 671,236	$ 56
Intergovernmental	909,810	909,810	1,266,895	357,085
Miscellaneous	24,840	24,840	17,449	(7,391)
Total Revenues	1,605,830	1,605,830	1,955,580	349,750
EXPENDITURES				
Current				
Police	1,680,840	1,680,840	1,632,206	48,634
Contingency	33,080	33,080	-	33,080
Total Expenditures	1,713,920	1,713,920	1,632,206	81,714
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(108,090)	(108,090)	323,374	431,464
OTHER FINANCING SOURCES (USES)				
Transfers out	(83,150)	(83,150)	(83,144)	6
NET CHANGE IN FUND BALANCE	(191,240)	(191,240)	240,230	431,470
FUND BALANCE, Beginning of year	405,636	405,636	253,409	(152,227)
FUND BALANCE, End of year	$ 214,396	$ 214,396	$ 493,639	$ 279,243

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – DEVELOPMENT SERVICES FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Licenses, fees, and permits	$ 1,233,500	$ 1,233,500	$ 1,000,239	$ (233,261)
Charges for services	794,650	794,650	839,481	44,831
Miscellaneous	101,920	101,920	56,225	(45,695)
Total Revenues	2,130,070	2,130,070	1,895,945	(234,125)
EXPENDITURES				
Current				
Community Development	2,379,520	2,379,520	2,185,309	194,211
Contingency	50,000	50,000	-	50,000
Total Expenditures	2,429,520	2,429,520	2,185,309	244,211
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(299,450)	(299,450)	(289,364)	10,086
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
Transfers out	(94,110)	(94,110)	(88,648)	5,462
Total Other Financing Sources (Uses)	(69,110)	(69,110)	(63,648)	5,462
NET CHANGE IN FUND BALANCE	(368,560)	(368,560)	(353,012)	15,548
FUND BALANCE, Beginning of year	1,403,484	1,403,484	1,371,013	(32,471)
FUND BALANCE, End of year	$ 1,034,924	$ 1,034,924	$ 1,018,001	$ (16,923)

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – PARKING FUND

YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Licenses, fees, and permits	$ 16,000	$ 16,000	$ 54,881	$ 38,881
Charges for services	150,730	150,730	161,502	10,772
Fines and forfeitures	355,000	355,000	372,551	17,551
Miscellaneous	24,360	24,360	32,671	8,311
Total Revenues	546,090	546,090	621,605	75,515
EXPENDITURES				
Current				
Community Development	3,380	3,380	3,310	70
Finance	114,530	114,530	108,177	6,353
Police	288,180	288,180	246,477	41,703
Public Works	127,660	127,660	102,744	24,916
Contingency	10,920	10,920	-	10,920
Total Expenditures	544,670	544,670	460,708	83,962
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,420	1,420	160,897	159,477
OTHER FINANCING SOURCES (USES)				
Transfers out	(221,190)	(221,190)	(21,190)	200,000
NET CHANGE IN FUND BALANCE	(219,770)	(219,770)	139,707	359,477
FUND BALANCE, Beginning of year	570,799	570,799	643,036	72,237
FUND BALANCE, End of year	$ 351,029	$ 351,029	$ 782,743	$ 431,714

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – TRANSIT FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 416,770	$ 416,770	$ 425,824	$ 9,054
Charges for services	446,680	446,680	463,642	16,962
Intergovernmental	1,265,150	1,265,150	808,119	(457,031)
Fines and forfeitures	-	-	60	60
Miscellaneous	598,660	598,660	642,702	44,042
Total Revenues	2,727,260	2,727,260	2,340,347	(386,913)
EXPENDITURES				
Current				
Public Works	2,770,180	2,770,180	2,193,364	576,816
Contingency	53,510	53,510	-	53,510
Total Expenditures	2,823,690	2,823,690	2,193,364	630,326
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(96,430)	(96,430)	146,983	243,413
OTHER FINANCING SOURCES (USES)				
Transfers out	(23,770)	(23,770)	(11,239)	12,531
NET CHANGE IN FUND BALANCE	(120,200)	(120,200)	135,744	255,944
FUND BALANCE, Beginning of year	1,088,234	1,088,234	1,227,840	139,606
FUND BALANCE, End of year	$ 968,034	$ 968,034	$ 1,363,584	$ 395,550

CAPITAL PROJECTS FUND

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed solely by Proprietary Funds. Included is:

CAPITAL CONSTRUCTION FUND - Accounts for the construction and improvements of roads, park acquisition and improvements and facility construction and improvements.

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 960,390	$ 960,390	$ 528,280	$ (432,110)
Miscellaneous	673,170	673,170	327,256	(345,914)
Total Revenues	1,633,560	1,633,560	855,536	(778,024)
EXPENDITURES				
Capital outlay	6,471,230	6,471,230	3,338,493	3,132,737
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,837,670)	(4,837,670)	(2,482,957)	2,354,713
OTHER FINANCING SOURCES (USES)				
Transfers in	4,469,315	4,469,315	2,667,610	(1,801,705)
NET CHANGE IN FUND BALANCE	(368,355)	(368,355)	184,653	553,008
FUND BALANCE, Beginning of year	770,313	770,313	1,006,689	236,376
FUND BALANCE, End of year	$ 401,958	$ 401,958	$ 1,191,342	$ 789,384

DEBT SERVICE FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of resources for the payment of general obligation and special assessment debt including principal, interest and related costs. Included are:

NON-MAJOR FUNDS:

GENERAL OBLIGATION DEBT SERVICE FUND - Accounts for the accumulation of resources for, and the payment of, general obligation bond principal and interest. The principal source of revenue is property taxes.

PENSION OBLIGATION DEBT SERVICE FUND - Accounts for the accumulation of resources for, and the payment of, pension obligation bond principal and interest. The principal source of revenue is payments from operating funds for their portion of annual debt service.

CITY OF CORVALLIS, OREGON
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
JUNE 30, 2008

	Gerenal Obligation Debt Service	*Pension Obligation Debt Service*	*Total*
ASSETS			
Cash and investments	$ 479,163	$ 1,246	$ 480,409
Other assets	-	335	335
Total Assets	$ 479,163	$ 1,581	$ 480,744
FUND BALANCES			
Unreserved	$ 479,163	$ 1,581	$ 480,744

CITY OF CORVALLIS, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2008

	Gerenal Obligation Debt Service	***Pension Obligation Debt Service***	***Total***
REVENUES			
Taxes	$ 1,818,914	$ -	$ 1,818,914
Miscellaneous	31,370	883	32,253
Total Revenues	1,850,284	883	1,851,167
EXPENDITURES			
Current			
Nondepartmental	1,325	1,350	2,675
Debt service			
Principal	1,310,000	230,618	1,540,618
Interest	673,766	1,763,382	2,437,148
Total Expenditures	1,985,091	1,995,350	3,980,441
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(134,807)	(1,994,467)	(2,129,274)
OTHER FINANCING SOURCES			
Transfers in	-	1,995,351	1,995,351
NET CHANGE IN FUND BALANCES	(134,807)	884	(133,923)
FUND BALANCE, Beginning of year	613,970	697	614,667
FUND BALANCE, End of year	$ 479,163	$ 1,581	$ 480,744

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL OBLIGATION DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	$ 1,815,000	$ 1,815,000	$ 1,818,914	$ 3,914
Miscellaneous	46,430	46,430	31,370	(15,060)
Total Revenues	1,861,430	1,861,430	1,850,284	(11,146)
EXPENDITURES				
Current				
Nondepartmental	1,460	1,460	1,325	135
Debt service				
Principal	1,310,000	1,310,000	1,310,000	-
Interest	673,780	673,780	673,766	14
Total Expenditures	1,985,240	1,985,240	1,985,091	149
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(123,810)	(123,810)	(134,807)	(10,997)
NET CHANGE IN FUND BALANCE	(123,810)	(123,810)	(134,807)	(10,997)
FUND BALANCE, Beginning of year	614,303	614,303	613,970	(333)
FUND BALANCE, End of year	$ 490,493	$ 490,493	$ 479,163	$ (11,330)

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – PENSION OBLIGATION DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Miscellaneous	$ -	$ -	$ 883	$ 883
EXPENDITURES				
Current				
Nondepartmental	1,450	1,450	1,350	100
Debt service				
Principal	230,620	230,620	230,618	2
Interest	1,763,400	1,763,400	1,763,382	18
Total Expenditures	1,995,470	1,995,470	1,995,350	120
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,995,470)	(1,995,470)	(1,994,467)	1,003
OTHER FINANCING SOURCES (USES)				
Transfers in	1,995,380	1,995,380	1,995,351	(29)
NET CHANGE IN FUND BALANCE	(90)	(90)	884	974
FUND BALANCE, Beginning of year	10,064	10,064	697	(9,367)
FUND BALANCE, End of year	$ 9,974	$ 9,974	$ 1,581	$ (8,393)

NON-MAJOR PERMANENT FUND

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

NON-MAJOR PERMANENT FUND

The Permanent Fund accounts for resources that are legally restricted to the extent that earnings, not principal, are used to support the City's programs.

DAVIDSON LIBRARY FUND - Accounts for Library resources restricted for book purchases.

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS – DAVIDSON LIBRARY FUND

YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Miscellaneous	$ 380	$ 380	$ 346	$ (34)
EXPENDITURES				
Current				
Library	1,000	1,000	920	80
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(620)	(620)	(574)	46
FUND BALANCE, Beginning of year	7,599	7,599	7,681	82
FUND BALANCE, End of year	$ 6,979	$ 6,979	$ 7,107	$ 128

ENTERPRISE FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation, maintenance and debt service of governmental facilities and services which are entirely or predominantly self-supporting by user charges. Enterprise funds use the economic resources measurement focus and accrual accounting to report the results of operation.

WATER, WASTEWATER AND STORM WATER FUNDS - Accounts for the operation, maintenance, debt service and capital improvements of the water, wastewater and storm water systems of the City. The primary source of revenue is user service charges.

AIRPORT FUND - Accounts for the operation, maintenance, debt service and capital improvements of the City's airport facilities. Revenues are derived primarily from hanger and building rental revenue, seed crop revenue and capital improvement grants.

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WATER FUND

YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 8,536,270	$ 8,536,270	$ 8,159,359	$ (376,911)
Intergovernmental	65,700	65,700	-	(65,700)
Fines and forfeitures	-	-	394	394
Miscellaneous	644,180	644,180	682,032	37,852
Total Revenues	9,246,150	9,246,150	8,841,785	(404,365)
EXPENDITURES				
Community Development	44,420	44,420	42,287	2,133
Public Works	6,615,060	6,615,060	6,237,087	377,973
Capital Projects	2,756,350	2,756,350	2,374,380	381,970
Debt service				
Principal	671,810	671,810	671,801	9
Interest	345,710	345,710	345,698	12
Contingency	164,000	164,000	-	164,000
Total Expenditures	10,597,350	10,597,350	9,671,253	926,097
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,351,200)	(1,351,200)	(829,468)	521,732
OTHER FINANCING SOURCES (USES)				
Transfers in	3,508,970	3,508,970	-	(3,508,970)
Transfers out	(3,756,150)	(3,756,150)	(245,672)	3,510,478
Total Other Financing Sources (Uses)	(247,180)	(247,180)	(245,672)	1,508
NET CHANGE IN FUND BALANCE	(1,598,380)	(1,598,380)	(1,075,140)	523,240
FUND BALANCE, Beginning of year	6,866,598	6,866,598	7,322,851	456,253
FUND BALANCE, End of year	$ 5,268,218	$ 5,268,218	$ 6,247,711	$ 979,493

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WASTEWATER FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 9,753,360	$ 9,753,360	$ 9,691,076	$ (62,284)
Miscellaneous	475,860	475,860	495,169	19,309
Total Revenues	10,229,220	10,229,220	10,186,245	(42,975)
EXPENDITURES				
Community Development	43,090	43,090	41,185	1,905
Public Works	6,534,440	6,534,440	6,190,812	343,628
Capital Projects	1,193,050	1,193,050	336,239	856,811
Debt service				
Principal	1,353,480	1,353,480	1,353,465	15
Interest	964,280	964,280	964,255	25
Contingency	170,580	170,580	-	170,580
Total Expenditures	10,258,920	10,258,920	8,885,956	1,372,964
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,700)	(29,700)	1,300,289	1,329,989
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	-	-	5,265	5,265
Transfers in	1,573,260	1,573,260	-	(1,573,260)
Transfers out	(1,745,710)	(1,745,710)	(172,379)	1,573,331
Total Other Financing Sources (Uses)	(172,450)	(172,450)	(167,114)	5,336
NET CHANGE IN FUND BALANCE	(202,150)	(202,150)	1,133,175	1,335,325
FUND BALANCE, Beginning of year	10,313,124	10,313,124	10,512,936	199,812
FUND BALANCE, End of year	$ 10,110,974	$ 10,110,974	$ 11,646,111	$ 1,535,137

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – STORM WATER FUND

YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 1,882,020	$ 1,882,020	$ 1,908,733	$ 26,713
Intergovernmental	22,000	22,000	16,341	(5,659)
Miscellaneous	119,260	119,260	105,133	(14,127)
Total Revenues	2,023,280	2,023,280	2,030,207	6,927
EXPENDITURES				
Community Development	44,700	44,700	42,676	2,024
Public Works	1,984,830	1,984,830	1,725,379	259,451
Capital Projects	746,270	746,270	511,278	234,992
Contingency	38,350	38,350	-	38,350
Total Expenditures	2,814,150	2,814,150	2,279,333	534,817
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(790,870)	(790,870)	(249,126)	541,744
OTHER FINANCING SOURCES (USES)				
Transfers in	688,070	688,070	-	(688,070)
Transfers out	(767,730)	(767,730)	(79,589)	688,141
Total Other Financing Sources (Uses)	(79,660)	(79,660)	(79,589)	71
NET CHANGE IN FUND BALANCE	(870,530)	(870,530)	(328,715)	541,815
FUND BALANCE, Beginning of year	2,218,268	2,218,268	2,549,871	331,603
FUND BALANCE, End of year	$ 1,347,738	$ 1,347,738	$ 2,221,156	$ 873,418

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - AIRPORT FUND

YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Licenses, fees, and permits	$ 1,700	$ 1,700	$ 4,579	$ 2,879
Charges for services	286,700	286,700	370,243	83,543
Intergovernmental	438,590	438,590	27,145	(411,445)
Miscellaneous	27,680	27,680	33,515	5,835
Total Revenues	754,670	754,670	435,482	(319,188)
EXPENDITURES				
Public Works	694,730	694,730	242,944	451,786
Capital Projects	30,100	30,100	28,574	1,526
Debt service				
Principal	18,200	18,200	18,199	1
Interest	12,870	12,870	12,868	2
Contingency	6,520	6,520	-	6,520
Total Expenditures	762,420	762,420	302,585	459,835
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,750)	(7,750)	132,897	140,647
OTHER FINANCING SOURCES (USES)				
Transfers in	1,510	1,510	-	(1,510)
Transfers out	(7,170)	(7,170)	(5,660)	1,510
Total Other Financing Sources (Uses)	(5,660)	(5,660)	(5,660)	-
NET CHANGE IN FUND BALANCE	(13,410)	(13,410)	127,237	140,647
FUND BALANCE, Beginning of year	503,310	503,310	559,973	56,663
FUND BALANCE, End of year	$ 489,900	$ 489,900	$ 687,210	$ 197,310

INTERNAL SERVICE FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

INTERNAL SERVICE FUNDS

These funds account for activities and services performed primarily for other organizational units within the City. Charges are based on recovering costs from the benefitted City units.

FLEET MANAGEMENT FUND - Accounts for the activities to operate the City's fleet of vehicles and equipment.

FACILITY MAINTENANCE FUND - Accounts for the operation of the City's central shop facility.

TECHNOLOGY AND COMMUNICATIONS FUND - Accounts for the activities related to centralized information and management systems and operations.

ADMINISTRATIVE SERVICES FUND - Accounts for the activities to provide administrative services to the City departments.

RISK MANAGEMENT FUND - Accounts for the activities associated with providing risk management services to the organization.

CITY OF CORVALLIS, OREGON
COMBINING STATEMENT OF NET ASSETS – ALL INTERNAL SERVICE FUNDS
JUNE 30, 2008

	Fleet Services	*Facility Maintenance*	*Technology and Communications*	*Administrative Services*	*Risk Management*	*Total*
ASSETS						
Current assets						
Cash and investments	$ 17,185	$ 197,628	$ 648,041	$ 165,567	$ 776,643	$ 1,805,064
Receivables						
Accounts	2,199	-	-	-	-	2,199
Total Current Assets	19,384	197,628	648,041	165,567	776,643	1,807,263
Capital Assets						
Land	-	-	-	500,664	-	500,664
Buildings	-	-	-	86,849	-	86,849
Vehicles	1,413	17,993	22,505	-	43,491	85,402
Machinery and equipment	5,846	67,529	943,034	31,010	25,710	1,073,129
Total Capital Assets	7,259	85,522	965,539	618,523	69,201	1,746,044
Less accumulated depreciation	(6,411)	(11,321)	(712,955)	(116,508)	(39,505)	(886,700)
Capital Assets (net of accumlated deparecitaion)	848	74,201	252,584	502,015	29,696	859,344
Total Assets	$ 20,232	$ 271,829	$ 900,625	$ 667,582	$ 806,339	$ 2,666,607
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable	$ 12,465	$ 112,020	$ 97,478	$ 36,259	$ 73,110	$ 331,332
Accrued compensated absences	9,272	49,815	67,714	320,287	-	447,088
Other accrued liabilities	-	-	-	12,135	-	12,135
Total Current Liabilities	21,737	161,835	165,192	368,681	73,110	790,555
Noncurrent liabilities						
Accrued compensated absences	5,598	30,079	40,885	193,389	-	269,951
Total Liabilities	27,335	191,914	206,077	562,070	73,110	1,060,506
Net Assets						
Investment in capital assets	848	74,201	252,584	502,015	29,696	859,344
Unrestricted	(7,951)	5,714	441,964	(396,503)	703,533	746,757
Total Net Assets	(7,103)	$ 79,915	$ 694,548	$ 105,512	$ 733,229	$ 1,606,101
Total Liabilities and Net Assets	$ 20,232	$ 271,829	$ 900,625	$ 667,582	$ 806,339	$ 2,666,607

CITY OF CORVALLIS, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2008

	Fleet Services	*Facility Maintenance*	*Technology and Communications*	*Administrative Services*	*Risk Management*	*Total*
OPERATING REVENUES						
Charges for services	$ 704,584	$ 730,166	$ 1,545,943	$ 4,123,059	$ 865,990	$ 7,969,742
Miscellaneous	254	1,994	235	897	34,046	37,426
Total Operating Revenues	704,838	732,160	1,546,178	4,123,956	900,036	8,007,168
OPERATING EXPENSES						
Personnel services	205,213	353,252	938,224	2,729,973	-	4,226,662
Materials and supplies	404,991	56,844	118,148	80,811	13,163	673,957
Services	26,079	160,575	248,063	621,179	5,427	1,061,323
Utility and overhead	44,749	97,625	90,576	692,404	845,882	1,771,236
Training and conference	747	139	42,355	36,860	-	80,101
Depreciation and amortization	141	2,175	92,685	1,473	4,490	100,964
Total Operating Expenses	681,920	670,610	1,530,051	4,162,700	868,962	7,914,243
OPERATING INCOME (LOSS)	22,918	61,550	16,127	(38,744)	31,074	92,925
NONOPERATING INCOME (EXPENSE)						
Interest income	386	8,446	32,324	24,428	39,513	105,097
CHANGE IN NET ASSETS	23,304	69,996	48,451	(14,316)	70,587	198,022
NET ASSETS, Beginning of year	(30,407)	9,919	646,097	119,828	662,642	1,408,079
NET ASSETS, End of year	$ (7,103)	$ 79,915	$ 694,548	$ 105,512	$ 733,229	$ 1,606,101

CITY OF CORVALLIS, OREGON
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2008

	Fleet Services	*Facility Maintenance*	*Technology and Comm*	*Administrative Services*	*Risk Management*	*Total*
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 44,976	$ 6,213	$ 6,576	$ 1,027	$ 84,288	$ 143,080
Receipts from interfund services provided	660,378	737,671	1,553,410	4,123,448	865,990	7,940,897
Payments to suppliers	(449,837)	(223,507)	(477,676)	(1,085,741)	(882,891)	(3,119,652)
Payments to employees	(209,453)	(340,681)	(942,800)	(2,612,420)	-	(4,105,354)
Payments for interfund services used	(43,575)	(33,583)	(55,828)	(458,909)	(200)	(592,095)
Net Cash Provided by (Used In) Operating Activities	2,489	146,113	83,682	(32,595)	67,187	266,876
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	-	(67,529)	(95,673)	-	(8,454)	(171,656)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	386	8,800	33,599	25,586	40,582	108,953
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	2,875	87,384	21,608	(7,009)	99,315	204,173
CASH AND INVESTMENTS, Beginning of year	14,310	110,244	626,433	172,576	677,328	1,600,891
CASH AND INVESTMENTS, End of year	$ 17,185	$ 197,628	$ 648,041	$ 165,567	$ 776,643	$ 1,805,064
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 22,918	$ 61,550	$ 16,127	$ (38,744)	$ 31,074	$ 92,925
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	141	2,175	92,685	1,473	4,490	100,964
Change in assets and liabilities						
Receivables						
Accounts receivable	1,389	-	-	-	41,810	43,199
Grants	-	-	-	-	6,093	6,093
Accounts payable	(5,412)	77,503	(20,044)	(5,976)	(16,280)	29,791
Accrued compensated absences	(16,547)	4,885	(5,086)	5,014	-	(11,734)
Other accrued liabilities	-	-	-	5,638		5,638
Net Cash Provided by (Used In) Operating Activities	$ 2,489	$ 146,113	$ 83,682	$ (32,595)	$ 67,187	$ 266,876

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – FLEET MAINTENANCE FUND

YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 721,150	$ 721,150	$ 704,584	$ (16,566)
Miscellaneous	800	800	640	(160)
Total Revenues	721,950	721,950	705,224	(16,726)
EXPENDITURES				
Public Works	710,150	710,150	698,326	11,824
Contingency	16,000	16,000	-	16,000
Total Expenditures	726,150	726,150	698,326	27,824
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,200)	(4,200)	6,898	11,098
FUND BALANCE, Beginning of year	34,662	34,662	20	(34,642)
FUND BALANCE, End of year	$ 30,462	$ 30,462	$ 6,918	$ (23,544)

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – FACILITY MAINTENANCE FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 748,110	$ 748,110	$ 730,166	$ (17,944)
Miscellaneous	6,300	6,300	10,440	4,140
Total Revenues	754,410	754,410	740,606	(13,804)
EXPENDITURES				
Public Works	780,540	780,540	731,079	49,461
Contingency	10,000	10,000	-	10,000
Total Expenditures	790,540	790,540	731,079	59,461
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(36,130)	(36,130)	9,527	45,657
FUND BALANCE, Beginning of year	78,789	78,789	76,081	(2,708)
FUND BALANCE, End of year	$ 42,659	$ 42,659	$ 85,608	$ 42,949

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – TECHNOLOGY AND COMMUNICATIONS FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 1,617,570	$ 1,617,570	$ 1,545,943	$ (71,627)
Miscellaneous	35,440	35,440	32,559	(2,881)
Total Revenues	1,653,010	1,653,010	1,578,502	(74,508)
EXPENDITURES				
Finance	1,457,700	1,457,700	1,324,722	132,978
Public Works	240,910	240,910	213,402	27,508
Contingency	30,000	30,000	-	30,000
Total Expenditures	1,728,610	1,728,610	1,538,124	190,486
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(75,600)	(75,600)	40,378	115,978
FUND BALANCE, Beginning of year	504,739	504,739	510,186	5,447
FUND BALANCE, End of year	$ 429,139	$ 429,139	$ 550,564	$ 121,425

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – ADMINISTRATIVE SERVICES FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 4,320,510	$ 4,320,510	$ 4,123,059	$ (197,451)
Miscellaneous	29,460	29,460	25,325	(4,135)
Total Revenues	4,349,970	4,349,970	4,148,384	(201,586)
EXPENDITURES				
City Manager's Office	1,914,090	1,914,090	1,798,163	115,927
Finance	2,501,220	2,501,220	2,358,050	143,170
Total Expenditures	4,415,310	4,415,310	4,156,213	259,097
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,340)	(65,340)	(7,829)	57,511
FUND BALANCE, Beginning of year	111,688	111,688	125,002	13,314
FUND BALANCE, End of year	$ 46,348	$ 46,348	$ 117,173	$ 70,825

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – RISK MANAGEMENT FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 961,130	$ 961,130	$ 865,990	$ (95,140)
Miscellaneous	71,430	71,430	73,559	2,129
Total Revenues	1,032,560	1,032,560	939,549	(93,011)
EXPENDITURES				
City Manager's Office	965,140	965,140	872,926	92,214
Contingency	275,000	275,000	-	275,000
Total Expenditures	1,240,140	1,240,140	872,926	367,214
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(207,580)	(207,580)	66,623	274,203
FUND BALANCE, Beginning of year	577,925	577,925	636,909	58,984
FUND BALANCE, End of year	$ 370,345	$ 370,345	$ 703,532	$ 333,187

OTHER FINANCIAL SCHEDULES

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
YEAR ENDED JUNE 30, 2008

Fiscal Year	*Property Taxes Receivable June 30, 2007*	*Extended by Assessor*	*(Deduct) Collections (1)*	*Add (Deduct) Discounts and Adjustments*	*Property Taxes Receivable June 30, 2008*
2008	$ -	$ 20,352,962	$ (19,439,277)	$ (504,861)	$ 408,824
2007	406,819	-	(256,742)	(13,541)	136,536
2006	133,567	-	(54,107)	(6,956)	72,504
2005	71,287	-	(32,303)	(6,626)	32,358
2004	35,483	-	(19,304)	(7,376)	8,803
2003	7,820	-	689	(2,983)	5,526
2002 and prior	39,445	-	2,819	(13,216)	29,048
	$ 694,421	$ 20,352,962	$ (19,798,225)	$ (555,559)	$ 693,599

Notes:

(1) The records from Benton County include collection adjustments for the 2003 fiscal year's levy as well as prior fiscal years. A total of $19,798,225 in property tax receipts were received by the City in FY 2007/08. The City also received an additional $45,293 from Benton County for property tax related interest.

CITY OF CORVALLIS, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2008

Series	*Date of Issue*	*Final Maturity Date*	*Amount of Original Issue*	*Outstanding July 1, 2007*	*Bonds Issued*	*Bonds Called and Matured*	*Outstanding June 30, 2008*
BONDS PAYABLE							
General Obligation Bonds							
Advance Refunding 1994	01/01/94	08/01/10	$ 5,380,000	$ 2,250,000	$ -	$ 515,000	$ 1,735,000
Series 1999 A	02/01/99	06/01/18	9,500,000	6,410,000	-	470,000	5,940,000
Series 2001 A	05/01/01	05/01/21	7,900,000	6,180,000	-	325,000	5,855,000
Total General Obligation Bonds				14,840,000	-	1,310,000	13,530,000
Pension Obligation Bonds							
Series 2002 A	03/01/02	01/01/30	23,913,017	23,658,679	-	165,618	23,493,061
Series 2005 A	09/23/05	06/01/28	9,980,000	9,980,000	-	65,000	9,915,000
Total Pension Obligation Bonds				33,638,679	-	230,618	33,408,061
Revenue Bonds							
Series 2000 A	05/01/00	05/01/20	8,105,000	1,075,000	-	340,000	735,000
Series 2006 A	03/01/06	05/01/20	5,410,000	5,315,000	-	25,000	5,290,000
Total Revenue Bonds				6,390,000	-	365,000	6,025,000
Total all Bonds				54,868,679	-	1,905,618	52,963,061
NOTES PAYABLE							
OEDD Loan G95003	11/13/98	12/01/14	9,703,048	5,398,934	-	564,578	4,834,356
OEDD Loan B97001	09/06/96	12/01/16	2,107,000	1,340,768	-	107,223	1,233,545
SRF/DEQ Sewer Rehab	01/20/92	07/01/13	700,000	285,087	-	40,351	244,736
SRF/DEQ CSO	09/01/97	12/01/20	21,263,693	16,248,589	-	948,114	15,300,475
OEDD Loan B96002	09/06/96	12/01/16	332,240	235,993	-	18,199	217,794
Total all Notes				23,509,371	-	1,678,465	21,830,906
Total Long-term Debt Transactions				$ 78,378,050	$ -	$ 3,584,083	$ 74,793,967

Note: The 2002A issue consists of two separate bond structures: the Capital Appreciation Bonds with par value of $5,353,017 are dated 3/12/02; the Current Interest Bond with par value of $18,560,000 are dated 3/1/02.

CITY OF CORVALLIS, OREGON
SCHEDULE OF LONG-TERM DEBT INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2008

Series	*Interest Rates on Outstanding Balances*	*Unmatured and Outstanding July 1, 2007*	*Bonds Issued*	*Coupons Called and Matured*	*Unmatured and Outstanding June 30, 2008*
BONDS PAYABLE					
General Obligation Bonds					
Advance Refunding 1994	4.80 - 4.95 %	$ 227,569	$ -	$ 96,870	$ 130,699
Series 1999 A	4.00 - 4.75 %	1,876,991	-	283,322	1,593,669
Series 2001 A	4.50 - 5.00 %	2,465,165	-	293,574	2,171,591
Total General Obligation Bonds		4,569,725	-	673,766	3,895,959
Pension Obligation Bonds					
Series 2002 A	5.96 - 7.06 %	33,498,046	-	1,270,782	32,227,264
Series 2005 A	4.38 - 5.50 %	7,252,324	-	492,601	6,759,723
Total Pension Obligation Bonds		40,750,370	-	1,763,383	38,986,987
Revenue Bonds					
Series 2000 A	5.10 - 5.15 %	111,827	-	54,842	56,985
Series 2006 A	3.00 - 5.00 %	1,917,125	-	229,012	1,688,113
Total Revenue Bonds		2,028,952	-	283,854	1,745,098
Total All Bonds		47,349,047	-	2,721,003	44,628,044
NOTES PAYABLE					
OEDD Loan G95003	4.507 %	1,318,394	-	272,591	1,045,803
OEDD Loan B97001	5.444 %	436,482	-	73,108	363,374
SRF/DEQ Sewer Rehab	3.000 %	30,818	-	8,251	22,567
SRF/DEQ CSO	3.690 %	5,162,805	-	672,149	4,490,656
OEDD Loan B96002	5.469 %	77,212	-	12,867	64,345
Total All Notes		7,025,711	-	1,038,966	5,986,745
Total Long-term Debt Interest Transactions		$ 54,374,758	$ -	$ 3,759,969	$ 50,614,789

CITY OF CORVALLIS, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF
GENERAL OBLIGATION BONDS
JUNE 30, 2008

GENERAL OBLIGATION BONDS

Year of	*Total Requirements*			*Series 1994*		*Series 1999A*		*Series 2001 A*	
Maturity	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*
2008-2009	$ 1,380,000	$ 615,508	$ 1,995,508	$ 550,000	$ 71,567	$ 490,000	$ 264,992	$ 340,000	$ 278,949
2009-2010	1,445,000	553,199	1,998,199	580,000	44,158	510,000	245,392	355,000	263,649
2010-2011	1,505,000	487,130	1,992,130	605,000	14,974	530,000	224,482	370,000	247,674
2011-2012	935,000	433,247	1,368,247	-	-	550,000	202,223	385,000	231,024
2012-2013	980,000	392,272	1,372,272	-	-	575,000	178,573	405,000	213,699
2013-2014	1,020,000	348,342	1,368,342	-	-	600,000	153,273	420,000	195,069
2014-2015	1,065,000	301,602	1,366,602	-	-	625,000	126,273	440,000	175,329
2015-2016	1,115,000	251,952	1,366,952	-	-	655,000	97,523	460,000	154,429
2016-2017	1,170,000	199,087	1,369,087	-	-	685,000	66,738	485,000	132,349
2017-2018	1,230,000	142,905	1,372,905	-	-	720,000	34,200	510,000	108,705
2018-2019	535,000	83,715	618,715	-	-	-	-	535,000	83,715
2019-2020	560,000	57,500	617,500	-	-	-	-	560,000	57,500
2020-2021	590,000	29,500	619,500	-	-	-	-	590,000	29,500
Total	$ 13,530,000	$ 3,895,959	$ 17,425,959	$ 1,735,000	$ 130,699	$ 5,940,000	$ 1,593,669	$ 5,855,000	$ 2,171,591

CITY OF CORVALLIS, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF
PENSION OBLIGATION BONDS
JUNE 30, 2008

PENSION OBLIGATION BONDS

Year of	*Total Requirements*			*Series 2002 A*		*Series 2005 A*	
Maturity	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Principal*	*Interest*
2008-2009	$ 291,192	$ 1,794,996	$ 2,086,188	$ 201,192	$ 1,305,208	$ 90,000	$ 489,788
2009-2010	349,592	1,832,654	2,182,246	229,592	1,346,808	120,000	485,846
2010-2011	406,667	1,875,255	2,281,922	256,667	1,394,733	150,000	480,522
2011-2012	461,767	1,923,380	2,385,147	281,767	1,449,632	180,000	473,748
2012-2013	516,249	1,974,000	2,490,249	301,249	1,510,152	215,000	463,848
2013-2014	570,257	2,030,073	2,600,330	320,257	1,576,143	250,000	453,930
2014-2015	627,139	2,091,529	2,718,668	337,139	1,649,261	290,000	442,268
2015-2016	684,519	2,160,057	2,844,576	349,519	1,731,881	335,000	428,176
2016-2017	744,957	2,228,342	2,973,299	359,957	1,816,443	385,000	411,899
2017-2018	805,251	2,304,341	3,109,592	370,251	1,911,149	435,000	393,192
2018-2019	861,833	2,381,622	3,243,455	376,833	2,009,567	485,000	372,055
2019-2020	926,608	2,463,281	3,389,889	381,608	2,114,792	545,000	348,489
2020-2021	996,024	2,547,383	3,543,407	386,024	2,225,376	610,000	322,007
2021-2022	1,065,211	2,637,672	3,702,883	390,211	2,346,189	675,000	291,483
2022-2023	1,140,795	2,728,311	3,869,106	390,795	2,470,605	750,000	257,706
2023-2024	2,615,000	1,426,576	4,041,576	1,790,000	1,206,400	825,000	220,176
2024-2025	2,955,000	1,268,943	4,223,943	2,045,000	1,090,050	910,000	178,893
2025-2026	3,315,000	1,090,482	4,405,482	2,320,000	957,125	995,000	133,357
2026-2027	3,715,000	889,892	4,604,892	2,620,000	806,325	1,095,000	83,567
2027-2028	3,525,000	664,798	4,189,798	2,950,000	636,025	575,000	28,773
2028-2029	3,310,000	444,275	3,754,275	3,310,000	444,275	-	-
2029-2030	3,525,000	229,125	3,754,125	3,525,000	229,125	-	-
Total	$ 33,408,061	$ 38,986,987	$ 72,395,048	$ 23,493,061	$ 32,227,264	$ 9,915,000	$ 6,759,723

CITY OF CORVALLIS, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF NOTES

JUNE 30, 2008

NOTES

Year of Maturity	*Total Requirements*			*OEDD Loan G95003*		*OEDD Loan B97001*	
	Principal	*Interest*	*Total*	*Principal*	*Interest*	*Principal*	*Interest*
2008-2009	$ 1,746,321	$ 964,251	$ 2,710,572	$ 594,837	$ 245,727	$ 108,127	$ 67,479
2009-2010	1,821,277	885,888	2,707,165	625,756	216,959	114,102	61,667
2010-2011	1,893,401	803,587	2,696,988	647,376	186,203	120,134	55,505
2011-2012	1,982,793	717,404	2,700,197	684,743	153,816	131,222	49,017
2012-2013	2,069,583	626,378	2,695,961	722,906	119,053	137,390	41,799
2013-2014	2,129,548	530,758	2,660,306	756,914	81,815	143,622	34,242
2014-2015	2,201,033	431,699	2,632,732	801,824	42,230	149,920	26,342
2015-2016	1,461,441	328,139	1,789,580	-	-	161,291	18,097
2016-2017	1,515,461	263,969	1,779,430	-	-	167,737	9,226
2017-2018	1,366,642	197,428	1,564,070	-	-	-	-
2018-2019	1,417,535	139,702	1,557,237	-	-	-	-
2019-2020	1,470,325	79,824	1,550,149	-	-	-	-
2020-2021	755,546	17,718	773,264	-	-	-	-
Total	$ 21,830,906	$ 5,986,745	$ 27,817,651	$ 4,834,356	$ 1,045,803	$ 1,233,545	$ 363,374

SRF/DEQ Sewer Rehab		*SRF/DEQ CSO*		*OEDD Loan B96002*	
Principal	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*
$ 41,570	$ 7,032	$ 983,421	$ 632,101	$ 18,366	$ 11,912
42,827	5,775	1,020,044	590,561	18,548	10,926
44,121	4,481	1,058,031	547,474	23,739	9,924
45,455	3,147	1,097,433	502,782	23,940	8,642
46,829	1,773	1,138,301	456,427	24,157	7,326
23,934	359	1,180,692	408,344	24,386	5,998
-	-	1,224,662	358,471	24,627	4,656
-	-	1,270,269	306,740	29,881	3,302
-	-	1,317,574	253,084	30,150	1,659
-	-	1,366,642	197,428	-	-
-	-	1,417,535	139,702	-	-
-	-	1,470,325	79,824	-	-
-	-	755,546	17,718	-	-
$ 244,736	$ 22,567	$ 15,300,475	$ 4,490,656	$ 217,794	$ 64,345

CITY OF CORVALLIS, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF SENIOR AND SUBORDINATE DEBT IN WASTEWATER FUND

JUNE 30, 2008

SENIOR DEBT

Year of Maturity	*Total Requirements*			*Series 2000 A*		*Series 2006 A*	
	Principal	*Interest*	*Total*	*Principal*	*Interest*	*Principal*	*Interest*
2008-2009	$ 385,000	$ 265,748	$ 650,748	$ 360,000	$ 37,673	$ 25,000	$ 228,075
2009-2010	400,000	246,450	646,450	375,000	19,312	25,000	227,138
2010-2011	420,000	226,200	646,200	-	-	420,000	226,200
2011-2012	440,000	205,200	645,200	-	-	440,000	205,200
2012-2013	465,000	183,200	648,200	-	-	465,000	183,200
2013-2014	485,000	159,950	644,950	-	-	485,000	159,950
2014-2015	510,000	135,700	645,700	-	-	510,000	135,700
2015-2016	535,000	110,200	645,200	-	-	535,000	110,200
2016-2017	565,000	83,450	648,450	-	-	565,000	83,450
2017-2018	590,000	60,850	650,850	-	-	590,000	60,850
2018-2019	605,000	43,150	648,150	-	-	605,000	43,150
2019-2020	625,000	25,000	650,000	-	-	625,000	25,000
Total	$ 6,025,000	$ 1,745,098	$ 7,770,098	$ 735,000	$ 56,985	$ 5,290,000	$ 1,688,113

SUBORDINATE DEBT

Year of Maturity	*Total Requirements*			*SRF-DEQ #R24480*		*SRF-DEQ #R24481*	
	Principal	*Interest*	*Total*	*Principal*	*Interest*	*Principal*	*Interest*
2008-2009	$ 1,024,991	$ 639,133	$ 1,664,124	$ 41,570	$ 7,032	$ 983,421	$ 632,101
2009-2010	1,062,871	596,336	1,659,207	42,827	5,775	1,020,044	590,561
2010-2011	1,102,152	551,955	1,654,107	44,121	4,481	1,058,031	547,474
2011-2012	1,142,888	505,929	1,648,817	45,455	3,147	1,097,433	502,782
2012-2013	1,185,130	458,200	1,643,330	46,829	1,773	1,138,301	456,427
2013-2014	1,204,626	408,703	1,613,329	23,934	359	1,180,692	408,344
2014-2015	1,224,662	358,471	1,583,133	-	-	1,224,662	358,471
2015-2016	1,270,269	306,740	1,577,009	-	-	1,270,269	306,740
2016-2017	1,317,574	253,084	1,570,658	-	-	1,317,574	253,084
2017-2018	1,366,642	197,428	1,564,070	-	-	1,366,642	197,428
2018-2019	1,417,535	139,702	1,557,237	-	-	1,417,535	139,702
2019-2020	1,470,325	79,824	1,550,149	-	-	1,470,325	79,824
2020-2021	755,546	17,718	773,264	-	-	755,546	17,718
Total	$ 15,545,211	$ 4,513,223	$ 20,058,434	$ 244,736	$ 22,567	$ 15,300,475	$ 4,490,656

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – PROPERTY TAX COLLECTION RECORD

LAST TEN FISCAL YEARS - UNAUDITED

Fiscal Year Ended June 30,	*Assessed Value of Real Estate (1)*	*Percent Change in Assessed Value*	*Total Levy (2)*	*Percent Change in Levy*	*Tax Rate per $1,000 Assessed Value*	*Percent Collected at June 30, 2008 (1)*
1999	$ 2,781,953,643	0.56 %	$ 15,247,104	0.34 %	$ 5.47	99.98 %
2000	2,835,592,065	1.93	15,773,306	3.45	5.55	99.98
2001	2,879,105,878	1.53	15,812,506	0.25	5.47	99.97
2002	2,922,822,672	1.52	16,689,552	5.55	5.70	99.97
2003	3,026,702,455	3.55	17,325,984	3.81	5.72	99.95
2004	3,113,328,235	2.86	17,710,636	2.22	5.68	99.79
2005	3,292,880,209	5.77	18,451,963	4.19	5.60	99.60
2006	3,433,620,092	4.27	19,458,295	5.45	5.65	99.29
2007	3,467,065,775	0.97	19,611,621	0.79	5.64	97.87
2008	3,613,016,933	4.21	20,352,962	3.78	5.62	97.94

(1) Source: Benton County Assessor's Office

(2) The total levy includes taxes levied for operations and debt.

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – STATE REVOLVING FUND AND REVENUE BOND RATE COVENANT CALCULATIONS – WASTEWATER FUND
YEAR ENDED JUNE 30, 2008 - UNAUDITED

REVENUES	
Gross operating revenues (1)	$ 9,209,374
SDC revenues	976,871
Transfers from (to) Rate Stabilization Account (RSA)	-
Total Gross Revenues	10,186,245
OPERATING EXPENSES *(2)*	(5,571,178)
NET REVENUES *(3)*	$ 4,615,067
NET OPERATING REVENUES *(4)*	$ 3,638,196
ANNUAL DEBT SERVICE (Principal & Interest)	
Senior Debt	
CSO Revenue Bond (2000A)	$ 394,842
CSO Revenue Bond (2006A)	254,013
Total Senior Debt Service	648,855
Subordinate Debt	
State Revolving Fund / DEQ Loan (1992) #R24480	48,602
State Revolving Fund / DEQ Loan (1998) #R24481	1,620,263
Total Subordinated Debt Service	1,668,865
Total Annual Debt Service	$ 2,317,720
NET REVENUE DEBT SERVICE COVERAGE (Requirement is 1.20 times senior debt)	7.11
NET REVENUE DEBT SERVICE COVERAGE (Requirement is 1.05 times subordinate debt)	2.77
NET OPERATING REVENUE DEBT SERVICE COVERAGE (Requirement is 1.05 times total debt service)	1.57
RATE STABILIZATION ACCOUNT (RSA) BALANCE - JUNE 30, 2008	$ 300,000

The Wastewater Fund Retained Earnings Reserved for Debt Service and Construction include $1,627,159 reserved for the two state revolving fund loans. The 2000A revenue bond issue maintains a debt reserve amount equal to $672,443 through a credit facility with MBIA. The 2000A reserve is backed by a surety bond that guarantees future scheduled principal and interest payments. In addition, both the 2000A and 2006A issues are supported by financial guarantee insurance policies through MBIA and XL Capital Assurance, respectively.

Principal and interest have rate covenant requirements according to the above coverage ratios. The annual debt service for subordinate debt will decrease in future years and should not exceed $2 million per year based on debt commitments as of June 30, 2008.

(1) Gross operating revenues include charges for service, intergovernmental and miscellaneous income. SDC revenues are not included in gross operating revenues.
(2) Operating expenses do not include debt service, depreciation, amortization or capital outlay.
(3) Gross revenue less operating expenses.
(4) Net revenues less SDC revenues.

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – SCHEDULE OF WASTEWATER FUND STATISTICS
HISTORICAL SYSTEM STATISTICS AND LARGEST SEWER SYSTEM CUSTOMERS
YEAR ENDED JUNE 30, 2008 - UNAUDITED

HISTORICAL SYSTEM STATISTICS

Fiscal Year Ended June 30,	*Net Revenues (less SDCs)*	*Number of Sewer Customers*	*Average Monthly Residential Sewer Bill*
2004	$ 2,653,144	13,874	$ 27.66
2005	3,040,744	14,121	28.64
2006	3,180,940	14,341	29.47
2007	3,548,543	14,593	30.43
2008	3,638,196	14,698	31.49

LARGEST SEWER SYSTEM CUSTOMERS

Customer	*2008 System Usage in Units (1)*	*2008 Annual Revenue*	*Percent of Total System Gross Revenue (2)*
Hewlett-Packard (all facilities)	326,921	$ 928,014	9.11 %
Oregon State University	153,250	497,668	4.89
Samaritan Helath Services	24,233	75,173	0.74
Foster Poultry Farms	19,416	60,502	0.59
Asset Management, LLC	14,240	38,342	0.38
Conifer Place / Bird LLC	12,187	34,582	0.34
David Huarte	12,577	33,948	0.33
Northpointe Apt	8,219	24,061	0.24
Meadow Park Mobile Est	8,830	23,805	0.23
Safeway	7,777	20,960	0.21
Mt. View @ Rivergreen Phase II	6,928	20,191	0.20
Fred Haruda	6,855	18,463	0.18
Corvallis Schools 509J	6,548	17,490	0.17
USDA Forest Service	6,085	16,349	0.16
Hilton Garden Inn	4,864	15,282	0.15
	618,930	$ 1,824,830	17.92 %

(1) One unit = 1 hcf - 748 gallons

(2) Total system gross revenues for fiscal year 2008 were $10,186,245.

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – SCHEDULE OF DIRECT AND OVERLAPPING DEBT TO PROPERTY VALUE RATIOS

JUNE 30, 2008 - UNAUDITED

	Values	*Per Capita*	*Percent of Real Market Value*	*Percent of Assessed Value*
2008 population	54,890	-	-	-
2007-08 real market value	$ 5,565,082,858	$ 101,386	100.00 %	-
2007-08 assessed value	3,613,016,933	65,823	64.92	100.00 %
Long-term gross bonded debt	52,963,061	965	0.95	1.47
Long-term net direct debt	13,050,837	238	0.23	0.36
Overlapping debt	63,013,865	1,148	1.13	1.74
Long-term net direct and overlapping debt	76,064,702	1,386	1.37	2.11

The purpose of this schedule is to provide disclosures required by debt covenants.

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – SCHEDULE OF OUTSTANDING DEBT OBLIGATIONS
JUNE 30, 2008 - UNAUDITED

Series	*Issuance Date*	*Maturity Date*	*Bond CUSIP or Loan No.*	*Coupons Called and Matured*	*Unmatured and Outstanding June 30, 2008*
UNLIMITED TAX GENERAL OBLIGATION BONDS					
Tax Supported					
Advance Refunding 1994	01/01/94	08/01/10	2208853H8	$ 5,380,000	$ 1,735,000
Series 1999 A	02/01/99	06/01/18	2208854C8	9,500,000	5,940,000
Series 2001 A	05/01/01	05/01/21	2208854Y0	7,900,000	5,855,000
DEBT PAID AND/OR SECURED BY THE GENERAL FUND					
Limited Tax Obligation Bonds					
Pension Obligation - Series 2002 A	3/1/2002 & 03/12/02	01/01/30	2208854Z-5T	23,913,017	23,493,061
Pension Obligation - Series 2005 A	09/23/05	06/01/28	68608D	9,980,000	9,915,000
REVENUE BONDS					
Combined Sewer Overflow - Series 2000 A	05/01/00	05/01/20	221004Av6	8,105,000	735,000
Combined Sewer Overflow - Series 2006 A	03/01/06	05/01/20	221004	5,410,000	5,290,000
Total Unlimited Tax General Obligation Bonds, Debt Paid and/or Secured by the General Fund, and Revenue Bonds				70,188,017	52,963,061
OTHER REVENUE SUPPORTED LOANS					
Sewer Rehabilitation - SRF/DEQ 1992	01/20/92	07/01/13	R24480	700,000	244,736
Taylor Treatment Plant - OEDD 1994 (Refunded 1998)	11/02/94	12/01/14	G95003	9,703,048	4,834,356
Taylor Treatment Plant - OEDD 1996	09/06/96	12/01/16	B97001	2,107,000	1,233,545
Airport - OEDD 1996	09/06/96	12/01/16	B96002	332,240	217,794
Combined Sewer Overflow - SRF/DEQ 1997	10/01/97	12/01/20	R24481	21,263,693	15,300,475
Total Other Revenue Supported Loans				34,105,981	21,830,906
Total Outstanding Debt Obligations				$ 104,293,998	$ 74,793,967

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – SUMMARY OF ADOPTED BUDGET – ALL FUNDS
LAST TWO FISCAL YEARS - UNAUDITED

	2006-07	*2007-08*
RESOURCES		
Fund Balance, Beginning of Year	$ 38,094,366	$ 40,494,356
Revenues		
Property taxes	19,420,480	19,402,680
Other taxes	990,840	1,032,490
Licenses, fees, and permits	6,206,560	6,732,720
Charges for services	35,404,510	37,178,590
Intergovernmental	12,034,710	11,954,010
Fines and forfeitures	1,116,520	1,180,720
Miscellaneous	3,068,140	4,195,290
Other financing sources	11,538,185	13,748,665
Total Revenues	89,779,945	95,425,165
Total Resources	$ 127,874,311	$ 135,919,521
REQUIREMENTS		
Operating Expense		
Personal services	$ 37,693,170	$ 39,211,210
Supplies and services	30,133,970	31,601,600
Capital outlay	3,517,600	3,335,850
Total Operating Expense	71,344,740	74,148,660
Nonoperating Expense		
Capital projects	10,192,345	11,197,000
Tranfers	10,128,185	12,338,665
Debt service	7,416,350	7,533,710
Contingencies	1,533,190	1,584,350
Total Nonoperating Expense	29,270,070	32,653,725
Total Expenditures	$ 100,614,810	$ 106,802,385

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGETARY BASIS – GENERAL FUND
LAST FIVE FISCAL YEARS - UNAUDITED

	2003-04	2004-05	2005-06	2006-07	2007-08
REVENUES					
Taxes	$ 4,823,490	$ 4,971,390	$ 4,989,007	$ 5,319,213	$ 4,784,086
Licenses, fees, and permits	4,151,336	4,324,137	4,645,225	5,071,181	5,228,281
Charges for services	448,241	420,996	365,128	554,627	723,496
Intergovernmental	1,085,758	1,058,988	1,165,448	1,180,864	1,009,226
Fines and forfeitures	604,814	707,250	707,246	796,101	739,487
Miscellaneous	243,358	173,764	266,883	343,816	251,502
Total Revenues	11,356,997	11,656,525	12,138,937	13,265,802	12,736,078
EXPENDITURES					
Current					
Community Development	1,095,541	1,063,421	1,038,914	1,149,683	1,277,252
Finance	448,510	454,504	460,900	496,410	515,175
Police	6,903,348	6,954,248	7,763,524	8,353,027	8,605,967
Public Works	790,216	830,800	563,739	693,063	786,384
Nondepartmental	1,319,762	1,179,622	1,361,023	1,354,701	1,367,740
Debt service					-
Principal	114,000	120,000	125,000	-	-
Interest	16,881	10,991	4,794	-	-
Total Expenditures	10,688,258	10,613,586	11,317,894	12,046,884	12,552,518
EXCESS OF REVENUES OVER EXPENDITURES	668,739	1,042,939	821,043	1,218,918	183,560
OTHER FINANCING SOURCES (USES)					
Proceeds - sale of capital assets	-	-	18,984	5,661	24,136
Transfers in	229,315	57,010	56,480	-	-
Transfers out	(257,680)	(230,953)	(611,219)	(893,127)	(531,293)
Total Other Financing Sources (Uses)	(28,365)	(173,943)	(535,755)	(887,466)	(507,157)
NET CHANGE IN FUND BALANCE	640,374	868,996	285,288	331,452	(323,597)
FUND BALANCE, Beginning of year	1,959,353	2,599,727	3,468,723	3,754,011	4,085,463
FUND BALANCE, End of year	$ 2,599,727	$ 3,468,723	$ 3,754,011	$ 4,085,463	$ 3,761,866

STATISTICAL SECTION

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

STATISTICAL SECTION

The Statistical Section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the overall financial health of the City of Corvallis.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

STATISTICAL SECTION

FINANCIAL TRENDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2003 [(a)]	*2004*	*2005*	*2006*	*2007*	*2008*
Governmental Activities						
Invested in capital assets, net of related debt	$ 129,736,676	$ 134,302,482	$ 135,631,050	$ 137,331,672	$ 140,587,954	$ 141,455,487
Restricted for special purposes	5,677,732	6,028,650	3,978,206	3,647,503	4,311,449	3,579,434
Unrestricted	15,581,392	13,598,184	16,632,858	14,946,146	13,398,537	11,885,844
Total Governmental Activities Net Assets	$ 150,995,800	$ 153,929,316	$ 156,242,114	$ 155,925,321	$ 158,297,940	$ 156,920,765
Business-type Activities						
Invested in capital assets, net of related debt	$ 79,151,163	$ 90,265,015	$ 96,337,907	$ 104,168,328	$ 106,978,116	$ 108,814,471
Restricted for special purposes	10,636,632	9,951,921	11,583,667	12,421,513	13,472,647	13,145,730
Unrestricted	13,604,517	10,144,280	7,995,633	5,181,976	6,302,255	6,630,423
Total Business-type Activities Net Assets	$ 103,392,312	$ 110,361,216	$ 115,917,207	$ 121,771,817	$ 126,753,018	$ 128,590,624
Primary Government						
Invested in capital assets, net of related debt	$ 208,887,839	$ 224,567,497	$ 231,968,957	$ 241,500,000	$ 247,566,070	$ 250,269,958
Restricted for special purposes	16,314,364	15,980,571	15,561,873	16,069,016	17,784,096	16,725,164
Unrestricted	29,185,909	23,742,464	24,628,491	20,128,122	19,700,792	18,516,267
Total Primary Government Activities Net Assets	$ 254,388,112	$ 264,290,532	$ 272,159,321	$ 277,697,138	$ 285,050,958	$ 285,511,389

(a) The beginning balance of invested in capital assets, net of related debt was restated in fiscal year 2003/04 due to a change in accounting for the Pension Obligation Bonds (POB).

Financial trend schedule: Net assets by component is intended to provide the user with summary data to analyze changes in the components of net assets.

Accompanying schedule: Changes in net assets provides user with additional detail for analytical purposes.

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 30, 2003.

CITY OF CORVALLIS, OREGON
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS - UNAUDITED
(accrual basis of accounting)

	Fiscal Year					
	2003	*2004*	*2005*	*2006*	*2007*	*2008*
Expenses						
Governmental Activities:						
General Government	$ 3,401,774	$ 1,341,051	$ 1,504,824	$ 1,687,447	$ 1,652,481	$ 1,796,330
Community Development	3,337,680	4,429,195	4,120,924	4,284,073	5,168,425	4,721,202
Finance	496,896	636,148	643,858	676,305	723,744	723,139
Fire	6,707,388	6,895,286	7,662,260	8,656,311	9,200,110	9,582,929
Library	4,866,842	4,987,063	5,194,096	5,591,093	5,716,184	5,956,494
Parks and Recreation	4,103,637	4,543,507	4,719,536	5,098,047	5,396,528	5,495,996
Police	8,306,310	9,502,172	9,245,375	10,344,246	10,744,348	10,949,777
Public Works	8,379,298	9,009,275	9,826,111	9,811,124	9,975,656	10,416,224
Interest on long-term debt	2,100,736	2,086,022	2,038,212	2,373,330	2,452,755	2,423,186
Total Governmental Activities	41,700,561	43,429,719	44,955,196	48,521,976	51,030,231	52,065,277
Business-type Activities:						
Water	7,411,746	7,067,877	7,376,890	7,318,210	7,641,213	8,063,852
Wastewater	8,077,938	7,954,165	8,244,864	8,025,574	8,492,767	8,732,200
Storm Water	1,426,681	1,543,130	1,630,566	1,710,288	1,707,827	2,670,369
Airport	409,125	517,965	495,144	545,676	597,816	594,875
Total Business-type Activities	17,325,490	17,083,137	17,747,464	17,599,748	18,439,623	20,061,296
Total Primary Government	$ 59,026,051	$ 60,512,856	$ 62,702,660	$ 66,121,724	$ 69,469,854	$ 72,126,573
Program Revenues						
Governmental Activities:						
Charges for services						
General Government	$ 181,896	$ 228,250	$ 183,146	$ 258,355	$ 256,786	$ 285,301
Community Development	1,671,224	2,296,253	3,114,476	1,576,158	2,441,356	914,830
Finance	787,346	835,772	1,024,993	1,045,316	1,192,579	1,122,641
Fire	2,406,835	2,474,002	2,401,259	2,656,598	2,948,347	3,256,362
Library	126,463	152,048	138,361	173,497	168,862	216,866
Parks and Recreation	1,238,048	1,649,349	1,538,150	1,368,525	1,398,611	1,423,883
Police	746,912	756,240	791,786	726,802	1,008,405	1,094,862
Public Works	1,365,254	835,541	957,000	1,475,280	1,909,003	2,366,278
Operating grants and contributions	5,375,432	7,927,343	7,015,894	7,442,569	7,854,696	7,542,838
Capital grants and contributions	8,922,267	5,134,923	4,719,933	4,076,091	5,754,056	3,256,066
Total Governmental Activities	22,821,677	22,289,721	21,884,998	20,799,191	24,932,701	21,479,927
Business-type Activities:						
Charges for services						
Water	6,459,161	6,838,575	6,790,271	7,004,077	7,779,966	8,126,619
Wastewater	7,434,553	7,963,496	7,840,994	7,922,298	8,702,620	9,028,522
Storm Water	1,719,255	1,757,383	1,768,116	1,811,365	1,866,500	1,859,065
Airport	243,554	309,419	371,093	290,869	330,477	382,523
Operating grants and contributions	-	90,478	4,993	54,624	1,773	-
Capital grants and contributions	7,556,656	6,551,941	6,167,665	5,995,971	4,311,390	2,057,705
Total Business-type Activities	23,413,179	23,511,292	22,943,132	23,079,204	22,992,726	21,454,434
Total Primary Government	$ 46,234,856	$ 45,801,013	$ 44,828,130	$ 43,878,395	$ 47,925,427	$ 42,934,361

	Fiscal Year					
	2003	*2004*	*2005*	*2006*	*2007*	*2008*
Net (Expense) / Revenue						
Governmental activities	$ (18,878,884)	$ (21,139,998)	$ (23,070,198)	$ (27,722,785)	$ (26,097,530)	$ (30,585,350)
Business-type activities	6,087,689	6,428,155	5,195,668	5,479,456	4,553,103	1,393,138
Total Primary Government	$ (12,791,195)	$ (14,711,843)	$ (17,874,530)	$ (22,243,329)	$ (21,544,427)	$ (29,192,212)
General Revenues and Other Changes in Net Assets						
Governmental activities						
Taxes						
Property taxes	$ 16,726,032	$ 17,221,001	$ 17,945,723	$ 18,860,943	$ 19,100,501	$ 19,797,404
Other taxes	692,399	938,601	946,925	1,002,657	1,113,828	1,147,595
Franchise fees	3,996,138	4,017,391	4,142,251	4,423,025	4,827,108	4,988,241
Interest and investment earnings	602,457	340,073	562,460	1,054,506	1,332,488	1,098,958
Miscellaneous	1,380,820	1,348,363	1,514,561	1,542,147	1,451,951	1,641,909
Gain on sale of capital assets	4,617	4,935	53,061	45,207	58,082	30,768
Transfers	431,906	203,150	218,015	477,507	586,191	503,300
Total Governmental Activities	23,834,369	24,073,514	25,382,996	27,405,992	28,470,149	29,208,175
Business-type activities						
Interest and investment earnings	531,114	272,976	446,418	770,821	1,001,448	931,722
Miscellaneous	199,864	452,923	129,329	81,840	12,841	16,046
Gain on sale of capital assets	958	18,000	2,591	-	-	-
Transfers	(431,906)	(203,150)	(218,015)	(477,507)	(586,191)	(503,300)
Total Business-type Activities	300,030	540,749	360,323	375,154	428,098	444,468
Total Primary Government	$ 24,134,399	$ 24,614,263	$ 25,743,319	$ 27,781,146	$ 28,898,247	$ 29,652,643
Change in Net Assets						
Governmental activities	$ 4,955,485	$ 2,933,516	$ 2,312,798	$ (316,793)	$ 2,372,619	$ (1,377,175)
Business-type activities	6,387,719	6,968,904	5,555,991	3,854,610	4,981,201	1,837,606
Total Primary Government	$ 11,343,204	$ 9,902,420	$ 7,868,789	$ 3,537,817	$ 7,353,820	$ 460,431

Financial trend schedule: Changes in net assets is intended to provide the user with summary data to analyze changes in the activities and changes in those activities.

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 30, 2003.

CITY OF CORVALLIS, OREGON
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	1999	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
General Fund										
Reserved	$ -	$ -	$ -	$ -	$ 159,577	$ 1,151,596	$ 8,407	$ 83,066	$ 108,157	$ 142,454
Unreserved	6,580,933	6,120,945	4,698,389	3,597,137	1,799,776	1,448,131	3,460,316	3,670,945	3,977,306	3,622,412
Total General Fund	6,580,933	6,120,945	4,698,389	3,597,137	1,959,353	2,599,727	3,468,723	3,754,011	4,085,463	3,764,866
All Other Governmental Funds										
Reserved, reported in:										
Special revenue funds	-	-	-	-	2,047,095	2,214,957	2,427,359	2,102,891	2,460,436	1,643,048
Capital projects fund	-	-	-	-	972,238	641,457	655,597	568,641	1,006,689	1,191,342
Permanent fund	1,560,010	1,549,254	1,468,460	1,375,162	472,209	456,885	5,000	5,000	5,000	5,000
Other purposes	-	-	-	-	-	-	-	124,359	116,500	116,846
Unreserved, reported in:										
Special revenue funds	16,082,792	14,941,847	14,899,934	14,603,087	13,595,199	12,300,523	13,864,522	13,861,263	13,130,057	14,207,206
Capital projects fund	12,090,579	8,781,805	9,427,197	1,635,337	-	-	-	-	-	-
Debt service fund	3,327,784	1,812,816	1,666,594	2,230,417	2,026,613	1,563,755	881,843	763,546	614,667	480,744
Permanent fund	-	-	-	-	35,655	49,281	3,567	3,159	2,681	2,107
Total All Other Governmental Funds	33,061,165	27,085,722	27,462,185	19,844,003	19,149,009	17,226,858	17,837,888	17,428,859	17,336,030	17,646,293
Total Fund Balance, GovernmentalFunds	$ 39,642,098	$ 33,206,667	$ 32,160,574	$ 23,441,140	$ 21,108,362	$ 19,826,585	$ 21,306,611	$ 21,182,870	$ 21,421,493	$ 21,411,159
Totals by Fund										
General Fund	$ 6,580,933	$ 6,120,945	$ 4,698,389	$ 3,597,137	$ 1,959,353	$ 2,599,727	$ 3,468,723	$ 3,754,011	$ 4,085,463	$ 3,764,866
Special Revenue	16,082,792	14,941,847	14,899,934	14,603,087	15,642,294	14,515,480	16,291,881	16,088,513	15,706,993	15,967,100
Debt Service	3,327,784	1,812,816	1,666,594	2,230,417	2,026,613	1,563,755	881,843	763,546	614,667	480,744
Capital Projects	12,090,579	8,781,805	9,427,197	1,635,337	972,238	641,457	655,597	568,641	1,006,689	1,191,342
Permanent Funds	1,560,010	1,549,254	1,468,460	1,375,162	507,864	506,166	8,567	8,159	7,681	7,107
Total	$ 39,642,098	$ 33,206,667	$ 32,160,574	$ 23,441,140	$ 21,108,362	$ 19,826,585	$ 21,306,611	$ 21,182,870	$ 21,421,493	$ 21,411,159

Note: The 1999 capital project fund balance increase is due to the issuance of bonds for the Riverfront project.

CITY OF CORVALLIS, OREGON
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS - UNAUDITED
(modified accrual basis of accounting)

	1999	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
Revenues										
Taxes	$ 15,404,298	$ 15,928,718	$ 15,904,779	$ 17,012,593	$ 17,420,385	$ 18,293,641	$ 18,946,837	$ 19,847,086	$ 20,135,770	$ 20,945,820
Licenses, fees and permits	3,898,575	3,886,580	4,425,868	4,788,266	5,181,690	5,514,902	5,677,958	5,761,430	6,724,385	6,903,922
Charges for services	4,840,448	4,692,078	5,959,479	7,271,344	6,795,631	7,423,696	7,891,789	7,155,204	8,383,481	9,251,853
Intergovernmental	6,276,393	6,622,533	7,163,972	8,027,466	7,891,967	10,312,917	8,770,198	9,054,686	9,912,764	9,065,501
Fines and forfeitures	958,666	975,659	898,294	848,122	882,524	914,559	1,070,391	1,115,954	1,297,790	1,213,369
Miscellaneous	2,796,969	2,702,849	3,293,269	2,029,990	1,793,147	1,382,863	1,566,146	2,400,275	2,436,752	2,753,223
Total Revenues	34,175,349	34,808,417	37,645,661	39,977,781	39,965,344	43,842,578	43,923,319	45,334,635	48,890,942	50,133,688
Expenditures										
Community Development	2,378,891	2,487,626	3,203,629	3,360,221	3,276,799	4,397,863	4,020,308	4,099,543	4,999,714	4,607,964
Finance	304,847	356,353	406,223	458,642	458,027	556,484	560,701	569,606	595,666	623,352
Fire	5,130,642	5,520,457	5,817,642	5,934,332	6,266,441	6,481,451	7,142,795	7,859,065	8,499,495	8,793,931
Library	3,341,902	3,772,026	3,986,439	4,664,106	4,597,949	4,763,415	4,868,998	5,221,912	5,336,415	5,669,909
Parks and Recreation	2,648,736	2,749,838	3,187,251	4,030,623	3,957,010	4,349,882	4,453,344	4,687,642	4,981,924	5,114,752
Police	6,822,385	7,250,921	8,075,307	8,022,106	7,969,757	9,386,130	8,707,851	9,611,397	9,984,726	10,445,595
Public Works	3,859,491	4,251,884	4,590,447	4,126,952	4,211,882	5,023,348	5,005,155	5,030,103	5,432,133	5,911,169
Miscellaneous nondepartmental	2,857,490	2,940,068	3,348,454	3,355,332	3,320,995	1,142,365	1,295,660	1,490,786	1,357,376	1,539,101
Payment of unfunded pension liability	-	-	-	23,124,956	-	-	-	9,795,521	-	-
Capital outlay	5,796,014	8,824,924	12,631,139	14,009,824	5,503,767	5,908,448	3,287,815	3,812,503	4,282,594	3,994,551
Debt Service										
Principal	1,343,900	2,338,462	1,085,000	1,333,000	1,244,000	1,224,000	1,319,582	1,416,893	1,392,863	1,540,618
Interest	434,957	846,146	644,953	999,796	1,912,108	2,099,054	2,052,365	2,349,139	2,464,856	2,437,148
Total Expenditures	34,919,255	41,338,705	46,976,484	73,419,890	42,718,735	45,332,440	42,714,574	55,944,110	49,327,762	50,678,090
Excess of Revenues Over (Under) Expenditures	(743,906)	(6,530,288)	(9,330,823)	(33,442,109)	(2,753,391)	(1,489,862)	1,208,745	(10,609,475)	(436,820)	(544,402)
Other Financing Sources (Uses)										
Proceeds - issuance of debt	9,444,226	-	8,461,000	23,913,017	-	-	-	9,980,000	-	-
Proceeds - sale of capital assets	4,317	2,375	9,600	-	4,617	4,935	53,265	45,207	58,082	30,768
Operating transfers in	5,131,170	7,146,955	7,197,708	6,849,191	4,624,865	4,741,726	2,405,139	3,611,267	4,793,019	4,687,961
Operating transfers out	(4,964,170)	(7,054,473)	(7,383,578)	(6,039,533)	(4,208,869)	(4,538,576)	(2,187,123)	(3,150,740)	(4,175,658)	(4,184,661)
Total Other Finaning Sources (Uses)	9,615,543	94,857	8,284,730	24,722,675	420,613	208,085	271,281	10,485,734	675,443	534,068
Net Changes in Fund Balances	$ 8,871,637	$ (6,435,431)	$ (1,046,093)	$ (8,719,434)	$ (2,332,778)	$ (1,281,777)	$ 1,480,026	$ (123,741)	$ 238,623	$ (10,334)
Debt Service as a Percentage of Noncapital Expenditures	6.1%	9.8%	5.0%	3.9%	8.5%	8.4%	8.6%	7.2%	8.6%	8.5%

Notes:
Proceeds from the issuance of debt are as follows: Riverfront Bonds (Series 1999), Moose Building (Series 2001), Open Space Bonds (Series 2001), Pension Obligation Bonds (Series 2002 and Series 2005)

CITY OF CORVALLIS, OREGON
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS – UNAUDITED
(accrual basis of accounting)

	Fiscal Year					
	2003	*2004*	*2005*	*2006*	*2007*	*2008*
Governmental Activities:						
General government	$ 181,896	$ 228,250	$ 183,146	$ 258,355	$ 256,786	$ 285,301
Community Development	2,254,942	3,283,781	4,094,210	2,396,155	4,118,817	1,668,613
Finance	787,346	835,772	1,024,993	1,045,316	1,192,579	1,122,641
Fire	2,460,757	2,483,143	2,401,259	2,876,287	3,041,540	3,276,979
Library	1,829,770	2,138,745	1,999,770	2,166,175	2,279,942	2,479,887
Parks and Recreation	2,243,851	2,147,398	2,228,539	1,761,995	2,665,317	1,724,669
Police	1,461,214	2,627,353	1,858,178	1,975,730	1,732,885	2,363,212
Public Works	11,601,901	8,545,279	8,094,903	8,319,178	9,644,835	8,558,625
Total Governmental Activities	22,821,677	22,289,721	21,884,998	20,799,191	24,932,701	21,479,927
Business-type Activities						
Water	8,844,231	9,040,689	8,641,773	8,355,687	9,221,365	8,873,854
Wastewater	10,023,638	10,508,490	11,262,803	10,105,792	10,574,818	9,960,251
Storm Water	3,744,530	2,639,044	2,468,198	2,495,285	2,865,142	2,210,661
Airport	800,780	1,323,069	570,358	2,122,440	331,401	409,668
Total Business-type Activities	23,413,179	23,511,292	22,943,132	23,079,204	22,992,726	21,454,434
Total Primary Government	$ 46,234,856	$ 45,801,013	$ 44,828,130	$ 43,878,395	$ 47,925,427	$ 42,934,361

CITY OF CORVALLIS, OREGON
TAX AND FRANCHISE FEE REVENUES BY SOURCE
LAST TEN FISCAL YEARS - UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	*General Property Taxes (1)*	*% Change From Prior Year*	*Franchise Fees*	*% Change From Prior Year*	*Transient Room Taxes*	*% Change From Prior Year*	*Total Taxes and Fees*	*% Change From Prior Year*
1999	$ 14,756,445	0.10 %	$ 3,062,852	2.67 %	$ 647,853	(0.66) %	$ 18,467,150	0.49 %
2000	15,221,623	3.15	3,133,978	2.32	707,095	9.14	19,062,696	3.22
2001	15,150,783	(0.47)	3,396,528	8.38	753,997	6.63	19,301,308	1.25
2002	16,271,088	7.39	3,731,397	9.86	741,505	(1.66)	20,743,990	7.47
2003	16,727,986	2.81	3,996,138	7.09	692,399	(6.62)	21,416,523	3.24
2004	17,355,040	3.75	4,017,391	0.53	938,601	35.56	22,311,032	4.18
2005	17,999,911	3.72	4,142,251	3.11	946,925	0.89	23,089,087	3.49
2006	18,844,428	4.69	4,423,025	6.78	1,002,657	5.89	24,270,110	5.12
2007	19,021,943	0.94	4,827,108	9.14	1,113,828	11.09	24,962,879	2.85
2008	19,798,225	4.08	4,988,241	3.34	1,147,595	3.03	25,934,061	3.89
Change 1999-2008	34.17%		62.86%		77.14%		40.43%	

(1) Balances do not include taxes that are collected for the Corvallis Arts Center until 2004. Effective July 1, 2004 the Corvallis Arts Center property tax collections and allocations are accounted for in the General Fund as a General Fund property tax revenue and General Fund City allocation expenditure, respectively.

STATISTICAL SECTION

REVENUE CAPACITY

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS – UNAUDITED
(in thousands of dollars)

Fiscal Year Ended June 30,	*Real Property*	*Personal Property*	*Manufactured Property*	*Utility Property*	*Less Tax Exempt Property*	*Total Taxable Assessed Value*	*Total Direct Tax Rate*	*Actual Value*	*Assessed Value as a % of Actual Value*
1999	$ 2,500,804	$ 224,221	$ 15,208	$ 45,383	$ 3,662	$ 2,781,954	5.4722	$ 3,297,882	84.356 %
2000	2,560,888	210,076	16,374	49,265	1,011	2,835,592	5.5544	3,413,759	83.064
2001	2,673,331	133,210	17,427	55,138	-	2,879,106	5.4664	3,513,758	81.938
2002	2,694,923	154,904	18,476	54,519	-	2,922,822	5.7030	3,523,137	82.961
2003	2,805,447	144,169	16,430	60,656	-	3,026,702	5.7197	3,580,388	84.536
2004	2,902,281	141,153	15,040	54,854	-	3,113,328	5.6812	3,717,868	83.740
2005	3,078,680	132,536	15,079	66,585	-	3,292,880	5.5988	4,299,629	76.585
2006	3,209,956	156,544	13,579	53,541	-	3,433,620	5.6485	4,522,703	75.920
2007	3,255,651	154,425	12,590	53,400	-	3,476,066	5.6406	5,088,443	68.313
2008	3,390,920	144,925	12,660	64,511	-	3,613,016	5.6219	5,565,083	64.923

Note: Two initiatives approved by Oregon voters have imposed constitutional limitations on property tax rates and assessed values of property. Measures 5 (1990) places a maximum tax rate for non-school governments of $10 per $1,000 of real market value on each parcel of property. Measure 50 (1997) put into place different values for real market value and assessed value and set permanent tax rates for each unit of local government. Assessed value for each parcel is limited to an annual 3% increase. Total assessed value can also increase by an amount for new development and can decrease based on reductions in real market value to below assessed value, including reductions due to depreciation on industiral property. Local governments may temporarily increase their tax rate with voter approval of a local option levy. In additon, levies for voter approved general obligation debt are not subject to any constitutional limits on taxes. The City's permanent tax rate is $5.1067 per $1,000 of assessed value.

The debt service levy is set annually in the amount required to fulfill debt obligations.

CITY OF CORVALLIS, OREGON

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS - UNAUDITED
(rate per $1,000 of assessed value)

	City of Corvallis Direct Rates			Overlapping Rates *					Total Rate
Fiscal Year Ended June 30,	Permanent Rate	General Obligation Debt Service	Total Direct	School District No. 509J	Linn-Benton ESD	Linn-Benton Community College (LBCC)	Benton County Library	Benton County	Total Direct and Overlapping
1999	5.1045	0.3677	5.4722	4.7700	0.3100	0.7200	0.3900	2.2100	13.8722
2000	5.1067	0.4477	5.5544	4.5300	0.3100	0.7000	0.3900	2.5300	14.0144
2001	5.1067	0.3598	5.4665	5.3500	0.3100	0.7100	0.3900	2.5500	14.7765
2002	5.1067	0.5963	5.7030	5.4900	0.3100	0.7200	0.3900	2.8700	15.4830
2003	5.1067	0.6130	5.7197	5.4500	0.3000	0.6900	0.3900	2.8700	15.4197
2004	5.1067	0.5745	5.6812	7.1300	0.3000	0.6800	0.3900	2.8700	17.0512
2005	5.1067	0.4921	5.5988	7.1489	0.3049	0.6805	0.3947	2.4952	16.6230
2006	5.1067	0.5418	5.6485	6.2375	0.3049	0.6858	0.3947	2.4952	15.7666
2007	5.1067	0.5339	5.6406	1.1644	0.3049	0.6805	0.3947	2.4652	10.6503
2008	5.1067	0.5152	5.6219	7.2494	0.3049	0.6733	0.3947	0.2465	14.4907

Source: Benton County

Note: Two initiatives approved by Oregon voters have imposed constitutional limitations on property tax rates and assessed values of property. Measures 5 (1990) places a maximum tax rate for non-school governments of $10 per $1,000 of real market value on each parcel of property. Measure 50 (1997) put into place different values for real market value and assessed value and set permanent tax rates for each unit of local government. Assessed value for each parcel is limited to an annual 3% increase. Total assessed value can also increase by an amount for new development and can decrease based on reductions in real market value to below assessed value, including reductions due to depreciation on industiral property. Local governments may temporarily increase their tax rate with voter approval of a local option levy. In additon, levies for voter approved general obligation debt are not subject to any constitutional limits on taxes. The City's permanent tax rate is $5.1067 per $1,000 of assessed value.

The debt service levy is set annually in the amount required to fulfill debt obligations.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Corvallis. All overlapping rates apply to Corvallis property owners.

CITY OF CORVALLIS, OREGON
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

	2008			1999		
Taxpayer	*Taxable Assessed Value*	*Rank*	*Percentage of Total City Taxable Assessed Value(d)*	*Taxable Assessed Value*	*Rank*	*Percentage of Total City Taxable Assessed Value(d)*
Hewlett-Packard Co. (a)	$ 423,098,645	1	11.71 %	$ 714,955,253	1	25.70 %
Evanite Fiber Inc.	25,853,293	2	0.72	19,546,759	3	0.70
Qwest Corporation (b)	21,676,100	3	0.60	31,249,286	2	1.12
Northwest Natural Gas Co.	17,590,000	4	0.49	15,927,500	7	0.57
Accu Fab Systems, Inc.	16,552,286	5	0.46	-		-
Avery Investments LLC	13,470,672	6	0.37	-		-
Witham Hill Oaks Apartments LLC	13,025,429	7	0.36	-		-
Suncor Partners LLC	10,176,508	8	0.28	-		-
Creekside Group LLC	10,144,027	9	0.28	-		-
Financial Pacific, Inc.	9,968,410	10	0.28	7,588,490	10	0.27
Pacificorp	-		-	19,816,400	4	0.71
Corvallis Clinic / Good Samaritan Hospital (c)	-		-	17,173,837	5	0.62
Nypro Realty Holdings Inc.	-		-	16,146,730	6	0.58
Jones, Jerry G., et al	-		-	9,518,124	8	0.34
Wilson, Robert C.	-		-	8,780,484	9	0.32
Total	$ 561,555,370		15.55 %	$ 860,702,863		30.93 %
City Assessed Value	$ 3,613,016,933			$ 2,781,953,643		

Source: Benton County Finance and Assessment Department

(a) Transfer of substantial manufacturing operations overseas, property tax appeals and depreciation have reduced Hewlett-Packard's taxable assessed value over the last 10 years.

(b) U.S. West Communications became Qwest Corporation in FY 2002.

(c) Most of Good Samaritan Hospital's properties now qualify for a non-profit exemption.

(d) Percentage of Total City Assessed Value = Taxpayer Assessed Value / City Assessed Value

Purpose: Property taxes are the City's most significant own source revenue. This schedule provides the user with basic information about the City's most significant revenue payers and the degree of dependence on a small number of payees.

CITY OF CORVALLIS, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS - UNAUDITED

Fiscal Year Ended June 30,	*Original Tax Levy for the Year*	*To Date Levy Adjustments (1)*			*Collected within the Fiscal Year of the Levy*		*Collected in subsequent years*	*Total Collections to Date*	
		Amount	*Percentage of Levy*	*Adjusted Levy*	*Amount*	*Percentage of Levy (2)*		*Amount*	*Percentag of Adjusted Levy*
1999	$ 15,247,104	$ (393,617)	2.58 %	$ 14,853,487	$ 14,417,791	94.56 %	$ 434,819	$ 14,852,610	99.99 %
2000	15,773,306	(478,120)	3.03	15,295,186	14,879,465	94.33	414,071	15,293,536	99.99
2001	15,812,506	(498,328)	3.15	15,314,178	14,852,174	93.93	459,904	15,312,078	99.99
2002	16,689,552	(408,931)	2.45	16,280,621	15,790,901	94.62	486,801	16,277,702	99.98
2003	17,325,984	(565,230)	3.26	16,760,754	16,361,270	94.43	393,958	16,755,228	99.97
2004	17,710,636	(468,034)	2.64	17,242,602	16,924,276	95.56	309,523	17,233,799	99.95
2005	18,451,963	(494,799)	2.68	17,957,164	17,658,023	95.70	266,782	17,924,805	99.82
2006	19,458,295	(542,317)	2.79	18,915,978	18,577,677	95.47	265,797	18,843,474	99.62
2007	19,611,621	(511,185)	2.61	19,100,436	18,707,158	95.39	256,742	18,963,900	99.29
2008	20,352,962	(504,861)	2.48	19,848,101	19,439,277	95.51	-	19,439,277	97.94

Source: Benton County Finance and Assessment Department

(1) Property tax levy adjustments include discounts taken plus or minus roll adjustments. Property taxpayers are granted a statutory 3% discount when taxes are paid in full by the November 15th due date.

(2) Calculated as a percentage of the original levy.

Purpose: Property taxes are the City's most significant own source revenue. This schedule provides the user with basic information concerning property tax levy and collection ratios over time.

STATISTICAL SECTION

DEBT CAPACITY

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS - UNAUDITED
(in thousands of dollars, except per capita)

	General Bonded Debt					Other Governmental Activities Debt			
Fiscal Year Ended June 30,	General Obligation Bonds	Amount Restricted to Paying Debt Principal	Net General Obligation Bonds (1)	Percentage of Actual Property Value	Per Capita	Bancroft Improvement Bonds	Limisted Tax Obligation Bonds	Notes Payable	Capital Leases
1999	$ 16,280	$ 2,970	$ 13,310	0.40 %	$ 268.19	$ 1,180	$ -	$ -	$ 18
2000	14,530	1,797	12,733	0.37	250.25	610	-	-	-
2001	21,695	1,583	20,112	0.57	406.80	260	-	561	-
2002	20,655	1,345	19,310	0.55	378.33	60	23,913	468	-
2003	19,580	1,255	18,325	0.51	349.39	-	23,913	359	-
2004	18,470	1,262	17,208	0.46	324.99	-	23,913	245	-
2005	17,310	882	16,428	0.38	312.39	-	23,873	125	-
2006	16,105	753	15,352	0.34	288.75	-	33,767	-	-
2007	14,840	614	14,226	0.28	263.93	-	33,639	-	-
2008	13,530	479	13,051	0.23	237.76	-	33,408	-	-

	Business-Type Activities								
Fiscal Year Ended June 30,	Water Bonds	Wastewater Bonds	Storm Water Bonds	Airport Bonds	Capital Leases	Notes Payable	Total City Government Debt	Percentage of Personal Income	Per Capita
1999	$ 582	$ 1,479	$ 184	$ 35	$ -	$ 26,591	$ 43,379	2.00 %	$ 874.06
2000	138	9,157	127	8	40	32,764	55,577	2.46	1,092.31
2001	72	8,752	107	4	-	32,256	62,124	2.67	1,256.55
2002	-	8,325	85	-	-	30,946	83,107	3.50	1,628.27
2003	-	8,525	70	-	-	29,583	80,775	3.35	1,540.05
2004	-	7,055	-	-	-	28,157	76,578	2.87	1,446.24
2005	-	6,760	-	-	-	26,671	73,857	2.61	1,404.40
2006	-	6,735	-	-	-	25,122	80,976	2.67	1,523.10
2007	-	6,390	-	-	-	23,509	77,764	2.56	1,442.75
2008	-	6,025	-	-	-	21,831	74,315	n/a	1,353.89

Notes: n/a = Personal Income is not available.

Details regarding the City's outstanding debt can be found in the Management Discussion and Analysis, in the Notes to the Financial Statements and in Other Financial Schedules.
Population and personal income data can be found in the Schedule of Demographic and Economic Statistics.
(1) Bonded debt is net of accumulated funds for repayment of bond principal.

CITY OF CORVALLIS, OREGON
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2008 - UNAUDITED

Governmental Unit	*Debt Outstanding(1)*	*Assessed Property Value*	*Estimated Percentage Applicable*	*Estimated Share of Overlapping Debt*
Debt repaid with property taxes				
School District No. 509J	$ 72,133,291	$ 4,461,691,922	80.98 %	$ 58,413,539
Benton County	-	5,900,143,183	61.24	-
Linn-Benton Community College	7,366,415	5,785,737,163	62.45	4,600,326
Subtotal Overlapping Debt				63,013,865
City direct debt				13,530,000
Total direct and overlapping debt				$ 76,543,865

Source: Assessed value data used to estimate applicable percentages provided by Benton County.
Outstanding debt data provided by governmental unit.

Note: (1) The debt outstanding is the portion of debt that is applicable to Benton County only.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the oustanding debt of those overlapping governments that is borne by the residents and businesses of Corvallis. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for reapaying the debt, of each overlapping government.

CITY OF CORVALLIS, OREGON
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS - UNAUDITED

	1999	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
Debt limit	$ 98,935,869	$ 102,412,769	$ 104,844,887	$ 101,709,316	$ 110,834,773	$ 110,978,724	$ 128,415,787	$ 135,681,077	$ 152,653,305	$ 166,952,486
Total net debt applicable to limit	13,345,312	12,741,025	20,116,268	19,309,719	18,990,483	17,208,404	16,428,471	15,351,558	14,226,030	13,050,837
Legal debt margin	85,590,557	89,671,744	84,728,619	82,399,597	91,844,290	93,770,320	11,987,316	120,329,519	138,427,275	153,901,649
Total net debt applicable to the limit as a percentage of debt limit	13.49%	12.44%	19.19%	18.99%	17.31%	15.51%	12.79%	11.31%	9.32%	7.82%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2008

TOTAL REAL MARKET VALUE OF REAL ESTATE WITHIN THE CITY		$ 5,565,082,858
Debt Limitation - 3% of total real market value (1)		0.03
DEBT LIMIT		$ 166,952,486
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		
Total General Obligation Bonded Debt (2)		
Governmental Activities	$ 13,530,000	
Business-type Activities	-	
Total General Obligation Bonded Debt		13,530,000
Less: Amount held for repayment of principal		(479,163)
TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		$ 13,050,837
LEGAL DEBT MARGIN		$ 153,901,649

(1) Oregon Revised Statutes (ORS) 287.004 (2) states: "Unless a lesser limitation upon the issuance of bonds has otherwise been provided by law or charter, no city shall issue or have outstanding at any one time bonds in excess of three percent of real market value of all taxable property within its boundaries, computed in accordance with ORS 308.207, after deducting for outstanding bonds such cash funds and sinking funds as are applicable to the payment of principal thereof."

(2) Oregon Revised Status (ORS) 287.001(1) states: "Bonds" means general obligation bonds.

CITY OF CORVALLIS, OREGON
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS - UNAUDITED
(accrual basis of accounting)

Fiscal Year Ended June 30,	*Gross Revenues (1)*	*Less Direct Operating Expenses (2)*	*Net Revenue Available for Debt Service*	*Debt Service Requirements*			*Coverage*
				Principal	*Interest*	*Total*	
WATER							
1999	$ 6,751,724	$ 3,827,673	$ 2,924,051	$ 422,622	$ 40,601	$ 463,223	6.31 %
2000	6,339,700	4,249,447	2,090,253	443,886	18,716	462,602	4.52
2001	6,422,582	4,779,098	1,643,484	66,450	5,636	72,086	22.80
2002	7,691,820	5,010,527	2,681,293	71,766	1,938	73,704	36.38
2003	7,345,209	5,602,874	1,742,335	-	-	-	-
2004	7,857,669	5,315,598	2,542,071	-	-	-	-
2005	7,857,742	5,409,565	2,448,177	-	-	-	-
2006	7,972,024	5,411,509	2,560,515	-	-	-	-
2007	8,442,259	5,730,153	2,712,106	-	-	-	-
2008	8,513,967	6,134,721	2,379,246	-	-	-	-
WASTEWATER							
1999	$ 6,943,499	$ 3,323,641	$ 3,619,858	$ 403,006	$ 95,747	$ 498,753	7.26 %
2000	6,875,064	3,353,956	3,521,108	427,276	73,849	501,125	7.03
2001	7,201,095	4,050,128	3,150,967	404,675	482,549	887,224	3.55
2002	8,479,736	4,267,537	4,212,199	427,449	462,129	889,578	4.74
2003	8,779,193	4,789,553	3,989,640	395,188	441,369	836,557	4.77
2004	9,731,868	4,761,007	4,970,861	874,643	463,553	1,338,196	3.71
2005	9,911,357	5,018,829	4,892,528	295,000	375,670	670,670	7.29
2006	9,596,476	4,937,112	4,659,364	385,000	262,740	647,740	7.19
2007	9,952,942	5,357,269	4,595,673	345,000	300,855	645,855	7.12
2008	9,710,972	5,526,010	4,184,962	365,000	283,854	648,854	6.45
STORM WATER							
1999	$ 1,376,105	$ 875,447	$ 500,658	$ 54,091	$ 11,943	$ 66,034	7.58 %
2000	1,457,013	881,959	575,054	57,285	9,023	66,308	8.67
2001	1,559,213	857,892	701,321	19,900	6,930	26,830	26.14
2002	1,752,272	959,470	792,802	21,492	5,733	27,225	29.12
2003	1,744,417	1,186,176	558,241	14,812	4,666	19,478	28.66
2004	1,819,277	1,288,788	530,489	70,357	8,807	79,164	6.70
2005	1,842,036	1,307,261	534,775	-	-	-	-
2006	1,864,578	1,392,309	472,269	-	-	-	-
2007	1,967,006	1,387,353	579,653	-	-	-	-
2008	1,911,049	1,730,244	180,805	-	-	-	-
AIRPORT							
1999	$ 328,729	$ 165,473	$ 163,256	$ 25,281	$ 2,429	$ 27,710	5.89 %
2000	291,014	185,594	105,420	26,553	1,120	27,673	3.81
2001	354,393	269,982	84,411	3,975	337	4,312	19.58
2002	254,331	215,782	38,549	2,493	116	2,609	14.78
2003	243,553	232,138	11,415	-	-	-	-
2004	395,157	337,716	57,441	-	-	-	-
2005	376,086	238,781	137,305	-	-	-	-
2006	345,492	281,570	63,922	-	-	-	-
2007	331,402	244,637	86,765	-	-	-	-
2008	382,522	242,607	139,915	-	-	-	-

(1) Gross Revenues consist primarily of charges for services.
(2) Direct Operating Expenses do not include interest or depreciation.

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS - UNAUDITED

Year	*City of Corvallis Population (1)*	*Corvallis Metropolitan Statistical Area (MSA) Population (2)*	*Total Personal Income (MSA) (Thousands of dollars) (2)*	*Per Capita Personal Income (MSA) (2)*	*Unemployment Rate (MSA) (3)*	*Corvallis Public School Enrollment (4)*
1999	50,880	78,254	$ 2,166,359	$ 27,684	2.8	7,328
2000	49,322	78,118	2,259,372	28,923	4.1	6,940
2001	51,040	77,822	2,330,893	29,952	4.5	7,068
2002	52,450	79,029	2,373,827	30,037	3.5	6,875
2003	52,950	79,201	2,410,599	30,436	4.5	6,821
2004	52,590	78,383	2,664,113	33,988	5.6	6,624
2005	53,165	78,640	2,826,102	35,937	5.3	6,492
2006	53,900	79,061	3,030,585	38,332	4.8	6,470
2007	54,890	81,428	3,040,634	37,341	3.9	6,642
2008	54,880	n/a	n/a	n/a	4.4	6,631

Sources:
(1) Portland State University, Population Research Center (2000 from the US Census) - with the exception of 2000, population data is an estimate
(2) U.S. Bureau of Economic Analysis
(3) Oregon Employment Department, Oregon Labor Market Information System
(4) Corvallis School District 509J

Notes: The Corvallis Metropolitan Statistical Area (MSA) is defined as Benton County by the Bureau of Economic Analysis, U.S. Department of Commerce.
The unemployment rate is for Benton County and is the rate for June of each year.
Public school entrollment data from the Corvallis School District are figures reported in September of each year.

n/a = Data for 2008 is not available.

CITY OF CORVALLIS, OREGON
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

	2008			1999		
Employer	*Employees*	*Rank*	*Percentage of Total Employment**	*Employees*	*Rank*	*Percentage of Total Employment**
Oregon State Univerity (1)	7,677	1	19.57 %	7,108	1	21.46 %
Hewlett Packard (2)	3,000	2	7.65	4,800	2	14.49
Samaritan Health Services (2)	1,800	3	4.59	-	-	-
Corvallis School District 509J (3)	767	4	1.96	1,197	3	3.61
Corvallis Clinic (3)	603	5	1.54	514	5	1.55
Benton County (3)	430	6	1.10	389	7	1.17
City of Corvallis (4)	414	7	1.06	503	6	1.52
CH2M Hill (3)	400	8	1.02	350	8	1.06
ATS Systems Oregon (3)	300	9	0.76	-	-	-
Summit Information Systems (3)	276	10	0.70	309	9	0.93
Good Samaritan Hospital (5)	-	-	-	953	4	2.88
Environmental Protection Agency	-	-	-	300	10	0.91
Total	15,667		39.95 %	16,423		49.58 %

Sources:
Nine years ago employer / employee information is from the City of Corvallis annual buget document.
The current year list of employers if from the Oregon Employment Department (OED). The number of employees is obtained from the sources noted below.
(1) Estimate based on OSU Office of Institutional Research 2007/2008 Employment Report
(2) City of Corvallis Adopted Budget for FY 08/09
(3) Corvallis-Benton Chamber Coalition
(4) City of Corvallis 4th Quarter Vacancy Summary - FTE for FY07/08

Notes:
(5) Good Samaritan Hospital is now included in Samaritan Health Services.
* Total employment is for the Corvallis Metropolitan Statistical Area (MSA) which is Benton County.
The MSA information is from the Oregon Employment Department (OED) - Oregon Labor Market Information System.

Total non-farm MSA employment:

Current year:	39,220
Nine years ago:	33,117

STATISTICAL SECTION

OPERATING INFORMATION

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON
FULL-TIME EQUIVALENT EMPLOYEES BY ACTIVITY
LAST TEN FISCAL YEARS - UNAUDITED

	Full-Time Equivalent Employees as of June 30									
	1999	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
ACTIVITIES										
City Manager's Office	9.00	9.00	9.50	9.50	9.50	9.50	9.50	9.50	9.00	10.00
Community Development	29.50	29.50	31.50	31.00	30.90	29.80	32.00	34.70	34.55	36.05
Finance	31.75	31.25	37.25	36.00	34.75	34.75	36.25	34.25	35.25	36.75
Fire	59.00	57.00	59.00	59.00	59.00	60.00	67.72	69.72	66.72	66.72
Library	43.57	46.07	46.27	42.77	45.27	43.76	45.77	45.14	45.77	45.77
Parks and Recreation	17.50	19.50	25.13	28.13	27.88	27.43	27.43	27.43	34.46	31.79
Police	87.25	83.25	86.25	84.25	80.25	82.25	76.25	77.25	78.75	77.25
Public Works	32.95	33.07	33.07	32.77	34.72	35.02	33.52	30.82	34.27	35.14
Water	32.84	32.96	32.96	32.66	34.61	34.91	33.41	31.53	33.48	31.93
Wastewater	31.83	31.94	31.94	31.65	33.54	33.83	32.38	32.38	32.00	31.42
Storm Water	10.92	10.96	10.96	10.86	11.51	11.61	11.11	11.20	11.21	10.47
Airport	1.06	1.07	1.07	1.06	1.12	1.13	1.08	1.08	1.04	1.04
Total Full-Time Equivalent Employees	387.17	385.57	404.90	399.65	403.05	403.99	406.42	405.00	416.50	414.33

Source: City of Corvallis Fourth Quarter Operating Report - Vacancy Report

Notes:

1 Full-Time Equivalent (FTE) = 2,080 hours

Amounts do not include casual or temporary employees.

CITY OF CORVALLIS, OREGON
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

	1999	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
FUNCTION [1]										
Community Development										
Building permits - single family [2]	141	141	196	250	184	195	210	190	89	n/a
Building permits - total [2]	763	731	805	843	741	756	743	727	645	n/a
Inspections	15,609	17,464	16,627	19,760	18,145	17,433	19,215	23,260	18,755	n/a
Residential plan reviews	345	387	488	431	377	426	429	403	423	284
Public Works										
Street resurfacing (miles) [2]	8.63	2.21	0.75	0.54	1.51	0.16	1.67	1.70	2.26	n/a
Library										
Volumes	248,278	270,683	284,369	297,051	311,281	318,010	328,381	347,616	358,130	363,398
Average monthly circulation	119,522	121,079	128,135	130,065	127,108	125,484	119,177	121,844	128,215	124,817
Registrations	40,717	39,452	38,672	39,323	46,847	46,008	46,130	49,576	46,586	50,122
Patrons using library	743,081	724,290	710,495	733,963	1,035,340	1,085,505	1,223,400	1,301,299	1,420,633	1,632,114
Parks and Recreation										
Sports teams	577	597	577	554	568	495	505	470	446	502
Recreation programs, classes, events	n/a	n/a	1,410	1,669	2,144	1,395	1,188	1,052	1,194	1,055
Recreation program registrations	n/a	n/a	22,923	19,844	22,476	20,180	21,630	21,832	25,534	29,799
Police [2]										
Public safety dispatches	32,385	35,753	35,425	34,426	34,204	34,348	33,059	35,034	36,190	n/a
Total 911 center calls	n/a	134,309	124,721	146,049	167,380	157,932	166,345	164,057	152,642	n/a
Major felonies	2,295	2,346	2,267	2,293	2,574	2,323	2,308	2,307	1,824	n/a
Incidents investigated	20,910	22,773	22,036	21,183	20,378	21,199	20,531	22,038	23,278	n/a
Fire										
All fire responses	196	212	226	205	220	270	134	202	187	174
All non-fire responses	1,482	1,672	1,857	1,647	1,815	2,155	1,987	2,256	2,450	2,812
Fire safety inspections	1,577	1,475	1,647	1,356	1,455	1,317	1,911	1,950	1,993	2,711
Patient contacts	2,532	2,365	2,739	2,937	2,798	3,048	3,181	3,203	3,767	4,295
Transportation										
Bus ridership	418,963	479,417	499,417	525,021	502,420	511,830	530,287	566,670	551,906	613,166

CITY OF CORVALLIS, OREGON
OPERATING INDICATORS BY FUNCTION (Continued)
LAST TEN FISCAL YEARS - UNAUDITED

	1999	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
Water										
Number of consumers	13,384	13,674	13,607	14,333	14,631	14,398	14,635	15,061	15,348	15,498
Average daily use (1,000 gal)	8,360	7,950	7,795	7,650	7,900	8,090	7,900	7,900	7,751	7,564
Annual water production (MG)	2,943	2,912	2,580	2,792	2,870	2,953	2,742	2,781	2,791	2,750
Wastewater [3]										
Number of consumers	13,284	13,263	13,175	13,852	13,858	13,874	14,212	14,341	14,593	14,698
Average daily use (1,000 gal)	6,580	7,240	6,570	7,120	7,320	7,750	8,861	9,717	8,947	10,178
Annual wastewater treated (MG)	3,898	3,475	2,460	3,799	3,901	3,833	3,233	3,547	3,547	3,715
Bio-solids recycled (MG)	n/a	n/a	n/a	3.9	4.3	3.0	2.6	1.1	1.1	1.2
Storm Water										
Number of consumers	13,284	13,375	13,295	13,951	13,958	13,974	14,210	14,444	14,650	14,764
Airport [4]										
Estimated aircraft movements	118,000	82,000	56,800	56,300	70,340	91,000	91,000	93,000	103,000	103,000
Permanently based aircraft	132	148	138	141	148	152	152	152	157	157

Sources: Data has been supplied by various City departments.

Notes:
(1) Operating indicators are not available for Finance or the City Manager's Office.
(2) Data reported is on calendar year basis.
(3) Wastewater daily usage is reported for dry weather flow for the months of May through December.
(4) Considered the busiest non-towered / non-controlled airport in Oregon based on the 2004 state report of take offs and landings.

n/a = information not available

CITY OF CORVALLIS, OREGON
CAPITAL ASSET STATISTICS BY ACTIVITY
LAST TEN FISCAL YEARS - UNAUDITED

	1999	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
ACTIVITIES [1]										
Public Works										
Streets (miles)	168	168	170	172	175	175	177	177	178	180
Traffic signals	56	61	79	79	79	80	80	80	82	83
Library										
Branch libraries	3	3	3	3	4	4	4	4	4	4
Parks and Recreation										
Parks	33	34	46	46	47	47	47	47	43	43
Acreage devoted to parks	1,215	1,393	1,684	1,684	1,685	1,685	1,685	1,685	1,685	1,685
Beautification areas [2]	n/a	n/a	37	37	40	40	40	40	45	45
Playgrounds (excluding schools)	21	21	17	17	17	22	24	24	28	28
Sports fields / courts	46	46	46	49	46	47	60	60	59	59
Swimming pools [3]	-	-	1	1	1	1	1	1	1	1
Police										
Stations [4]	1	1	1	1	1	1	1	1	1	1
Patrol vehicles, motorcycles	18	19	19	20	20	20	18	18	19	19
Fire										
Stations - city	4	4	4	4	4	4	5	5	5	5
Stations - rural [5]	-	-	-	1	1	1	1	1	1	1
Emergency vehicles [6]	33	33	33	32	30	30	30	30	29	31
Transportation										
Bike paths (miles) [7]	12.00	12.00	12.74	12.74	12.74	13.46	13.69	13.89	13.89	21
Bike lanes (miles) [7]	56.22	57.22	58.24	60.04	60.45	61.23	61.23	61.23	63.29	105
City buses	8	9	9	11	11	10	10	10	10	10

CITY OF CORVALLIS, OREGON
CAPITAL ASSET STATISTICS BY ACTIVITY (Continued)
LAST TEN FISCAL YEARS - UNAUDITED

	1999	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
Water										
Lineal miles of system	200	202	214	227	239	244	246	249	244	245
Treatment capacity (1,000 gal)	22,000	24,000	24,000	24,000	24,000	24,000	31,000	31,000	31,000	31,000
Wastewater										
Lineal miles of system	220	220	202	206	209	211	214	216	215	216
Treatment capacity (1,000 gal)	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700
Storm Water										
Lineal miles of system	120	118	143	147	154	136	158	162	166	168
Airport										
Runways	2	2	2	2	2	2	2	2	2	2

Sources: Data has been supplied by various City departments.

Notes:

(1) Capital asset indicators are not available for Finance or the City Manager's Office.
(2) Beautification areas were not identified until FY 2001 when the Parks Facilities Plan was published.
(3) The City assumed operation and maintenance responsibility for Osborn Aquatic Center in the fall of 2000. The pool is owned by the Corvallis School District 509J.
(4) The police station is owned by Benton County but is staffed and maintained by both the City of Corvallis and Benton County.
(5) The rural fire station is owned by the Corvallis Rural Fire District but is staffed by the City of Corvallis per agreement with the Rural Fire District.
(6) Includes fire apparatus, tankers, ambulances and passenger vehicles.
(7) Data reported is on a calendar year basis. In 2008, the bike lane calculation was standardized to include lanes in both directions on a single street ("bike travel lanes").

n/a = information not available

COMPLIANCE SECTION

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

AUDIT COMMENTS

(Comments and Disclosure Required by State Regulators)

Oregon Administrative Rules 162-10-050 through 162-10-320, of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth following.

Oregon Administrative Rules 162-10-000 through 162-16-000 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in annual financial reports. Required comments and disclosures related to our audit of such financial statements and schedules are set forth on the following pages.

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Corvallis, Oregon (the City) as of and for the year ended June 30, 2008, which collectively comprised the City of Corvallis, Oregon's basic financial statements and have issued our report thereon dated November 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

ACCOUNTING AND INTERNAL CONTROL

Our reports relating to accounting and internal control systems are contained in the Single Audit Section of this annual financial report. We separately issued our letter on control deficiencies to management.

ACCOUNTING RECORDS

We found the City's accounting records to be adequate for audit purposes.

ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES

Oregon Revised Statutes Chapter 295 requires that each depository throughout the period of its possession of public fund deposits shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated the collateral was sufficient during the year ended June 30, 2008.

INVESTMENTS

Our review of deposit and investment balances indicated that, during the year ended June 30, 2008, the City was in compliance with ORS 294, as it pertains to investment of public funds.

LEGAL REQUIREMENTS RELATING TO DEBT

The general obligation bonded debt of the City is in compliance with the limitation imposed by ORS 328. We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of this bonded debt.

BUDGET COMPLIANCE

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation and adoption of its budget and tax levy for the years ended June 30, 2008 and 2009. A description of the budgeting process is in the notes to the basic financial statements.

INSURANCE POLICIES AND FIDELITY BONDS

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2008. We ascertained that such policies appeared to be in force and comply with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering City-owned property.

PUBLIC CONTRACTS

The City's procedures for awarding public contracts were reviewed and found to be in accordance with ORS Chapter 279.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

Our reports on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 are contained in the Single Audit Section of the Comprehensive Annual Financial Report.

FINANCIAL REPORTING REQUIREMENTS

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS

There are no elected City officials who collect or receive funds on behalf of the City.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

GROVE, MUELLER & SWANK, PC
CERTIFIED PUBLIC ACCOUNTANTS

Salem, Oregon
November 20, 2008

By: _____
Charles A. Swank, A Shareholder

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
City of Corvallis, Oregon

We have audited the basic financial statements of the City of Corvallis, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Corvallis' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Corvallis' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Corvallis' internal control over financial reporting

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Corvallis' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the City of Corvallis, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Grove Mueller & Swank PC
CERTIFIED PUBLIC ACCOUNTANTS

November 20, 2008

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members of the City Council
City of Corvallis, Oregon

Compliance

We have audited the compliance of the City of Corvallis with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Corvallis' management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Corvallis' compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of City of Corvallis is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Corvallis' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Corvallis' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City of Corvallis, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

CERTIFIED PUBLIC ACCOUNTANTS

November 20, 2008

CITY OF CORVALLIS, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	*Federal CFDA Number*	*Grant Number*
U.S. DEPARTMENT OF ENERGY		
Passed through the State of Oregon Department of Fish and Wildlife		
Herbert Open Space Area Mitigation	81.XXX	012-5305-S
Total U.S. Department of Energy		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Program		
Community Development Block Grant Program - FY 05/06	14.218	B-05-MC-41-0009
Community Development Block Grant Program - FY 06/07	14.218	B-06-MC-41-0009
Community Development Block Grant Program - FY 07/08	14.218	B-07-MC-41-0009
HOME Grant Program - FY 05/06	14.239	M05-MC410205
HOME Grant Program - FY 06/07	14.239	M06-MC410205
HOME Grant Program - FY 07/08	14.239	M07-MC410205
Total U.S. Department of Housing and Urban Development		
U.S. DEPARTMENT OF THE INTERIOR		
Passed through the State of Oregon Department of Fish and Wildlife		
Screening and Passage Program - Oak Creek Fish Barrier	15.608	010-6153-IGA-FISH
Passed through the State of Oregon Historic Preservation Office		
Basic Certified Local Govt.	15.904	HPF OR-06-04
Basic Certified Local Govt.	15.904	HPF OR-07-07
Total U.S. Department of Interior		
U.S. DEPARTMENT OF JUSTICE		
Bureau of Justice		
Bulletproof Vest Program - Zylon Replacement	16.607	---
Bulletproof Vest Program	16.607	---
Total U.S. Department of Justice		

Program Award Amount	Receivable/ (Deferred Revenue) July 1, 2007	Total Receipts	Total Expenditures	Receivable/ (Deferred Revenue) June 30, 2008
$ 27,100	$ 14,210	$ 16,565	$ 15,089	$ 12,734
	14,210	16,565	15,089	12,734
623,685	9,368	13,568	4,200	-
560,307	165,961	193,881	27,920	-
556,048	-	420,745	540,625	119,880
449,111	143,000	217,186	74,186	-
422,406	12,040	48,789	36,749	-
420,259	-	46,166	58,324	12,158
	330,369	940,335	742,004	132,038
21,650	-	16,341	16,341	-
10,000	2,500	2,500		-
11,778	-	6,178	11,778	5,600
	2,500	25,019	28,119	5,600
5,900	1,273	1,273		-
2,975	-	1,145	1,455	310
	1,273	2,418	1,455	310

CITY OF CORVALLIS, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	*Federal CFDA Number*	*Grant Number*
U. S. DEPARTMENT OF TRANSPORTATION		
Direct Program		
FAA: Airport Apron Improvements	20.106	3-41-0014-013
FTA: Transit Operating Grant (2007)	20.507	OR-90-X148-00
FTA: Transit Operating Grant (2008)	20.507	OR-90-X148-00
FTA: 2006-07 Bus Replacement	20.500	OR-04-0001-00
FTA: Transit Operations Center	20.500	OR-03-0101-00
Passed through the State of Oregon Department of Transportation		
Transportation Demand Management Program (2008)	20.205	24131
Job Access and Reverse Commute Program (2007)	20.516	23850
Job Access and Reverse Commute Program (2008)	20.516	24421
Rural Transit Assistance Program	20.509	---
Bicyclist Safety Mini-Grant (2007)	20.604	---
Total U.S. Department of Transportation		
INSTITUTE OF MUSEUM AND LIBRARY SERVICES		
Passed through the State of Oregon Library		
Library Services and Technology Act	45.310	08-02-2Y
Total Institute of Museum and Library Services		
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Passed through the State of Oregon Department of State Police		
Public Assistance Grant - December 14, 2006 Windstorm	97.039	FEMA-1683-DR
Conflagration - Egley Complex	97.046	---
Conflagration - GW Fire	97.046	---
State Mobilization Training	97.073	---
Total Federal Emergency Management Agency		
FEDERAL SURPLUS PROPERTY PROGRAM	39.003	---
Total Federal Assistance		

The accounting policies applied in the preparation of this schedule are the same as those documented in the Notes to the Basic Financial Statements.

Program Award Amount	Receivable/ (Deferred Revenue) July 1, 2007	Total Receipts	Total Expenditures	Receivable/ (Deferred Revenue) June 30, 2008
$ 334,379	$ -	$ -	$ 27,145	$ 27,145
654,485	174,537	174,537		-
687,751	-	436,488	687,751	251,263
281,004	255,130	267,130	12,000	-
257,482	24,764	24,764		-
40,379	-	40,379	40,379	-
84,725	80,831	80,781		50
318,535	-		107,383	107,383
985	-	985	985	-
3,661	-	150	150	-
	535,262	1,025,214	875,793	385,841
75,500	-	75,000	75,000	-
	-	75,000	75,000	-
13,644	6,094	6,094	-	-
4,674	-	4,674	4,674	-
13,861	-	13,861	13,861	-
2,083	-	2,083	2,083	-
	6,094	26,712	20,618	-
-	-	37	37	-
	$ 889,708	$ 2,111,300	$ 1,758,115	$ 536,523

Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to the City of Corvallis' financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the City of Corvallis, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds' revenues and expenditures for the City of Corvallis.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Federal Financial Assistance

Pursuant to the Single Audit Act of 1984 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act of 1984 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the City of Corvallis are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in the notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the City of Corvallis for the year ended June 30, 2008.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued:	Unqualified
Internal control reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

CFDA Numbers	***Name of Federal Program or Cluster***
20.500	Transit Operating cluster
20.507	Transit Operating cluster
20.516	Job Access and Reverse Commute Program

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.